HOUSE OF REPRESENTATIVES—*Tuesday, February 21, 1995*

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore [Mr. DOOLITTLE].

DESIGNATION OF SPEAKER PRO TEMPORE

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

WASHINGTON, DC.
February 21, 1995.

I hereby designate the Honorable JOHN T. DOOLITTLE to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 377. An act to amend a provision of part A of title IX of the Elementary and Secondary Education Act of 1965, relating to Indian education, to provide a technical amendment, and for other purposes.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 4, 1995, 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 and minority leader limited to not to exceed 5 minutes.

RECESS

The SPEAKER pro tempore. There being no Members listed for morning hour, pursuant to clause 12, rule I, the Chair declares the House in recess until 2 p.m. today.

Accordingly (at 12 o'clock and 32 minutes p.m.) the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 2 p.m.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Help us to realize, O gracious God, that Your will is for all Your people to live in peace and harmony and in appreciation and respect. We know that there have been differences in philosophy and outlook from the beginning of time and we all have our opinions and ideas. Yet, remind us, O God, that we should do what we can to truly act and speak toward others by honoring their background and history, by communicating honestly and reliably, and by seeing others with a consideration and thoughtfulness that is worthy of every person of Your vast creation. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Ohio [Mr. TRAFICANT] come forward and lead the House in the Pledge of Allegiance.

Mr. TRAFICANT led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

REPUBLICAN CONTRACT WITH AMERICA

(Mr. CHABOT asked and was given permission to address the House for 1 minute).

Mr. CHABOT. Mr. Speaker, our Contract With America states the following: On the first day of Congress, a Republican House will require Congress to live under the same laws as everyone else; cut committee staffs by one-third, and cut the congressional budget.

We kept our promise.

It continues that in the first 100 days, we will vote on the following items: A balanced budget amendment—we kept our promise; unfunded mandates legislation—we kept our promise; line-item veto—we kept our promise; a new crime package to stop violent criminals—we kept our promise; national security restoration to protect our freedoms—we kept our promise.

And here is what remains to be done in the next 50 days, Government regulatory reform; welfare reform to encourage work, not dependence; family reinforcement to crack down on deadbeat dads and protect our children; tax cuts for middle income families; Senior Citizens Equity Act to allow our seniors to work without Government penalty; commonsense legal reform to end frivolous lawsuits, and congressional term limits to make Congress a citizen legislature.

This is our Contract With America.

WELFARE REFORM

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Madam Speaker, the Contract With America was just read to us. And it is rather incredible that in the provision dealing with welfare reform, the Republicans have no requirement in their bill either that the States provide the ability of people on welfare to go from welfare to work, but providing job opportunities, job training, or employment or that a person who is on welfare not have to do something in the way of work to receive that check. That was pointed out by the minority leader, the gentleman from Missouri [Mr. GEPHARDT] the other day in a press conference that what the Democrats want to do is move somebody from welfare to work, but the Republicans and the Governors have no requirement that people go to work.

I am delighted to read today in the press that the subcommittee chairman, the gentleman from Florida [Mr. SHAW] is now considering whether or not the Republicans will try to define a work condition in their bill realizing that what the American taxpayers want is people to go to work for the assistance they receive and what welfare recipients want is a job, not a check.

So I wish the Republicans well. If they cannot come up with one, maybe they can adopt the Democratic substitute that will move people from welfare to work.

THE NATIONAL LANGUAGE ACT

(Mr. KING asked and was given permission to address the House for 1 minute.)

Mr. KING. Madam Speaker, for the first 180 years of our Nation, immigrants who came to this country were encouraged to maintain their identity, their culture, their religious beliefs, their traditions. Just as importantly,

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they were encouraged to learn to speak the English language. This was the glue that bound us together as a nation. This was the common theme that all of us shared as Americans.

However, for the past 25 years, our social engineers in Washington have actually been encouraging people not to learn English. We have billions of dollars being spent on bilingual education. We have citizenship ceremonies being conducted in languages other than English. We have signs in government buildings in languages other than English.

That is why today, Madam Speaker, I am introducing the National Language Act which will declare English to be the official language of this country. This will require all government publications to be in English. It would end bilingual education. It would end bilingual voting ballots, and it would require all government business to be transacted in English.

In doing this, I intend to work with such distinguished Members of this body as the gentleman from Wisconsin [Mr. ROTH], the gentleman from Missouri [Mr. EMERSON], the gentleman from California [Mr. DOOLITTLE], who have similar type legislation so that we can work together to restore the American dream of all immigrants and allow them to become part of American society.

CONTRACT SILENT ON MIDDLE-CLASS ISSUES

(Mr. BONIOR asked and was given permission to address the House for 1 minute.)

Mr. BONIOR. Madam Speaker, tomorrow when people are passing out the grades for the first 50 days of this Congress, ask yourselves this question: How can it be that we have met for 50 days and cast nearly 150 votes and yet we have not passed a single amendment that addresses jobs, incomes, health care, education, or job training?

Madam Speaker, these issues are central to the lives of working middle-class families. Yet the Contract on America has been silent on each and every one of these issues. Instead, the Republicans in this House have voted to pull 100,000 police officers off the street, protect free gifts from lobbyists, slash Social Security and Medicare, and they have even tried to add another $50 billion to star wars.

In their rush to extremism, the Gingrich Revolution seems to have forgotten the values of working middle-class families. And their contract has not made a dime's worth of difference on these issues that really matter to people.

PRAISE FOR THE 104TH CONGRESS

(Mr. JONES asked and was given permission to address the House for 1 minute.)

Mr. JONES. Madam Speaker, each weekend, when I am back in my district, I am always pleasantly amazed at the positive comments people share with me concerning Congress. The voters are pleased that we are finally acting on our promises and passing commonsense laws. This past weekend, I spoke with many people who praised the numerous accomplishments of the 104th Congress.

People's opinions of Congress are changing. We are making history each and every day by returning integrity and honesty to the people's Chamber. It is really no surprise that Congress approval rating has improved from 18 to 43 percent.

Madam Speaker, we are at the halfway point of the contract and we will continue to work hard and make the necessary changes to get this Government back on track.

This week, we will curtail and streamline the excessive regulations this Government imposes on everyday Americans. We will return the Government back to its rightful owners, the American citizens.

TRADE POLICY AND JOBS LOST

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Madam Speaker, did you ever wonder why America's trade and tax policies seem to kill American jobs and force companies to move overseas and all these foreign governments do so great under America's laws. Check this out.

Former chief counsel of the Committee on Ways and Means, responsible for a lot of these laws, Joe Dawley and John Salmon, they now represent Turkey and Great Britain. How about the Trade Representative, former Trade Representative Bill Brock? He represents Taiwan. How about his assistants, used to be Julia Bliss and Cliff Gibbons? They represent Japan. This is not hard to figure out.

We have a $153 billion trade deficit because our Government workers, who were paid by Uncle Sam, went on the payroll of these foreign governments. I would say they were quite cozy before they left.

All you have to do is look at the trade deficit and look at the laws. It kills American jobs and forces American companies to move overseas.

Wake up, America. Wake up, Congress.

EXTEND THE 25-PERCENT HEALTH CARE TAX DEDUCTION FOR THE SELF-EMPLOYED

(Mr. BARRETT of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARRETT of Nebraska. Madam Speaker, today, the House will debate H.R. 831, a bill to permanently reinstate the 25-percent health care tax deduction for the self-employed. I urge my colleagues to support this legislation.

For too long, 9 million self-employed individuals have been held hostage to the shell games of Congress. This tax deduction has expired several times and been reinstated several times, leaving millions of Americans unsure what Congress is really going to do.

And now, with the March 1 filing deadline for farmers fast approaching, Congress must act immediately to permanently restore this tax deduction and put an end to this cruel game.

I am pleased the Ways and Means Committee has sent to the floor a bill that ends the shell game.

I urge my colleagues to support H.R. 831. The clock is ticking and we cannot afford to wait much longer.

CHILD NUTRITION PROGRAMS THREATENED

(Ms. DELAURO asked and was given permission to address the House for 1 minute.)

Ms. DELAURO. Madam Speaker, on Friday, I visited a School Lunch Program in my district and met with school officials and State food service directors to talk about the devastating impact that the Contract With America will have on child nutrition programs.

Under the Republican welfare reform plan, Connecticut will lose $49 million in Federal food aid in 1996 alone. And, the program that will take the biggest hit? The School Lunch Program. Each day, 104,000 children in my State receive reduced or free meals through the School Lunch Program. It is a proven nutritional program that helps keep our kids healthy and ready to learn.

Madam Speaker, the Contract With America is a political document. It was written to meet the advertising deadline of TV Guide, but it does not meet the needs of our children.

We can reform welfare without hurting our kids, if we work together. But, Democrats will not stand idly by while Republicans trample on the rights of children in a relentless march to meet NEWT GINGRICH's 100-day deadline.

AN APOLOGY DUE THE SPEAKER AND THE HOUSE

(Mr. FORBES asked and was given permission to address the House for 1 minute.)

Mr. FORBES. Madam Speaker, two Members of this great body have likened Republicans and the Speaker of this House "to something worse than Adolf Hitler." For that I cannot even begin to express my outrage.

The gentleman from Manhattan, NY [Mr. RANGEL] said, regarding the Contract With America, "when I compare

this to what happened in Germany, I hope you will see the similarities."

His colleague, the gentleman from New York [Mr. OWENS], in referencing Republicans, said, "these people who are practicing genocide with a smile, they are worse than Hitler."

Madam Speaker, protectors of the same old order, the failed policies of the past, rely on gross distortions and outlandish scare tactics. But comparisons to the Holocaust, to the barbarism of Hitler and to his atrocious crimes is beyond the bounds of civility.

Our initiatives to restore compassion, common sense, and responsiveness to government will not be dissuaded, no matter how intemperate the remarks of the other side. The gentlemen owe the Speaker and this great body an apology.

MORE ON WELFARE REFORM

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Madam Speaker, America's working families have always had terrific compassion for those in need. That has been characteristic of America. America is family. And so we approach this welfare debate, one of the great problems is American families want welfare to be a safety net and not a hammock. But to make it a safety net and not a hammock, we have to help people have the skills they need to be able to work. And so that means teaching them to fish rather than giving them a fish. That is what the issue is.

And at a time when we are talking about not only killing student loans but knocking out student lunches, we obviously are going in the wrong direction. We ought to be doing everything we can to invest in our young people and to say to everyone, we are all in the same boat, but everybody has to pull an oar.

Let us get a welfare reform that is fair and in the great tradition of America, treating us all in the same manner.

THE REVOLUTION

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Madam Speaker, a revolution began last November 8—a revolution which continues today. The essence of our new revolution is not hard to understand: the American people have decided that the Federal Government has grown so huge and so pervasive that it has displaced our freedoms.

Our Government taxes too much, it spends too much, and it regulates too much. And in the process it has become a burden to our personal liberties, to our livelihood, to our markets, and especially to our future generations.

Madam Speaker, through our Contract With America, Republicans have promised to do something about this problem. In 50 days we have passed legislation that will redefine the relationship between the Federal Government and the people.

The Washington establishment may not like it but the revolution has taken root even in the hallowed Halls of Congress. Over the next 50 days Republicans will complete our contract and keep our promise to deliver real change.

□ 1415

DEMOCRATS SHOULD GET ON BOARD AND HELP CHANGE AMERICA, NOT CONTINUE FINGER-POINTING

(Mr. SCARBOROUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCARBOROUGH. Madam Speaker, I could not help but hear a former speaker up here talk about the Republicans rushing to extremism in the first 50 days of our Contract With America.

Madam Speaker, the fact of the matter is if they are viewing what we have been doing for the first 50 days a rush to extremism, that explains better than any poll will ever explain why they are now in the minority and we are in the majority.

The overwhelming majority of Americans wanted a balanced budget amendment. We gave them one. The overwhelming majority of Americans wanted a line-item veto. We gave them one. The overwhelming majority of Americans wanted this Congress to live by the same laws that they make everybody else live by. We did it. We will keep doing it the next 50 days.

If all they can do is compare us to Hitler and Goebbels and everybody else in their rush to extremism, because they have no new ideas, so be it.

Madam Speaker, this train has left the station. If they want to get on board and help us make real change in this country, we will accept their help, but they are not helping by rushing to extremism and pointing fingers. We have to make a difference. That is why we were sent here.

AMERICA NEEDS REGULATORY REFORM AND RESTRUCTURING OF OSHA

(Mr. NORWOOD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NORWOOD. Madam Speaker, Joe Dear is at it again. I ran for Congress not only because imperial Washington was hopelessly out of touch with normal Americans, but also because many of the rules and regulations imperial Washington imposes on the rest of us help so little while costing so much. To cite one example that hits very close to home for me, in 1991 OSHA announced a standard on infection control for dental offices. OSHA projected that the annual expense of compliance would be $87.4 million. However, according to a recent study by RRC Inc., it turns out that actual yearly compliance costs exceeds $2.7 billion. The OSHA regulations ended up costing $2.7 billion, but produced no measurable improvement in worker safety. How I wish we had done a cost-benefits analysis. Madam Speaker, rarely have so few done so much to harm so many. This is one more example of why we need regulatory reform and a moratorium on new regulations until we can sort all this out. OSHA is one agency that needs to be restructured, reinvented, or just plain removed.

MEMBERS URGED TO SUPPORT BUDGET-NEUTRAL APPROACH TO APPROPRIATIONS AND RESCISSIONS

(Mr. CHAMBLISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHAMBLISS. Madam Speaker, this week, the House will take up consideration of H.R. 889 and H.R. 845, the emergency supplemental appropriations and rescissions measures for fiscal year 1995.

Several weeks ago in his annual budget proposal, the President sent a $2.5 billion supplemental spending request to this Congress—funds to cover the costs associated with unplanned and unbudgeted military operations abroad.

Aside from the question of how vital these military missions were to the national security of our great Nation, the President failed to include in his request the necessary rescissions to pay for the missions.

Well, Madam Speaker, this President's supplemental request is nothing more than another rubber check written by the Federal Government. And in this case, it is the armed services and the American people who will pay the overdraft charges.

Fortunately, House appropriators have insisted on a budget-neutral approach to supplemental spending. Support H.R. 889 and 845.

APPOINTMENT OF MEMBERS TO REPRESENT THE HOUSE AT GEORGE WASHINGTON'S BIRTHDAY CEREMONIES

Mr. SCARBOROUGH. Madam Speaker, I ask unanimous consent that it shall be in order for the Speaker to appoint two Members of the House, one

upon the recommendation of the minority leader, to represent the House of Representatives at appropriate ceremonies for the observance of George Washington's birthday to be held on Wednesday, February 22, 1995.

The SPEAKER pro tempore (Mrs. VUCANOVICH). Without objection, pursuant to the order of the House of today, the Chair, without objection, announces the Speaker's appointment of the following Members to represent the House of Representatives at appropriate ceremonies for the observance of George Washington's birthday, to be held on Wednesday, February 22, 1995: Mr. HORN of California and Mr. RICHARDSON of New Mexico.

There was no objection.

FEDERAL FOOD ASSISTANCE

(Mrs. CLAYTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CLAYTON. Madam Speaker, hundreds and hundreds of North Carolinians have written to me in recent days. They are concerned about a provision in the Personal Responsibility Act of 1995 that would convert Federal food assistance programs into block grants. Their concern is well placed. If the provision remains in the bill, Federal nutrition programs for our seniors and our young will not be the same. Thousands who we now feed will no longer be fed. However, the impact of this proposed change goes even deeper. Retail food sales will decline by $10 billion, farm income will be reduced by as much as $4 billion, and unemployment will increase by as many as 138,000. The stability of America's economy is at stake. From the grocery stores, large and small, to the farmer and food service worker—everyone will suffer. Most States will lose money. That is why I will offer an amendment to restore the Federal food assistance programs when H.R. 4 comes to the floor. The nutrition of our citizens should not be left to chance. We have a choice.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 5 p.m.

Accordingly (at 2 o'clock and 21 minutes p.m.) the House stood in recess until 5 p.m.

□ 1700

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. HEFLEY] at 5 p.m.

PERMANENT EXTENSION OF THE HEALTH INSURANCE DEDUCTION FOR THE SELF-EMPLOYED

Mr. QUILLEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 88 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 88

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 831) to amend the Internal Revenue Code of 1986 to permanently extend the deduction for health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and the amendment made in order by this resolution and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. After general debate the bill shall be considered for amendment under the five-minute rule. The amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted in the House and in the Committee of the Whole. The bill, as amended, shall be considered as read. No further amendment shall be in order except the amendment in the nature of a substitute printed in the report of the Committee on Rules accompanying this resolution, which may be offered only by Representative Gibbons of Florida or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against that amendment are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such further amendment as may have been adopted. The previous question shall be considered as ordered on the bill and any amendment thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. QUILLEN] is recognized for 1 hour.

Mr. QUILLEN. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume.

During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 88 is a modified closed rule providing for the consideration of H.R. 831, which makes permanent the 25-percent deduction for health insurance costs of self-employed individuals. The rule waives all points of order against consideration of the bill and provides for 1 hour of debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

The amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted in the House and in the Committee of the Whole, and all debate shall be confined to the bill and the amendment made in order by this resolution.

No amendment shall be in order except the amendment in the nature of a substitute printed in the report of the Committee on Rules accompanying this resolution, which may be offered only by Representative GIBBONS of Florida or his designee. Such amendment shall be debatable for 1 hour equally divided and controlled by a proponent and an opponent of the amendment, and shall not be subject to amendment. All points of order against that amendment are waived.

Finally, the rule provides for one motion to recommit, with or without instructions.

Mr. Speaker, normally I would be opposed to this type of restrictive rule. However, it has been customary in the House to consider tax measures under partially or even completely closed rules. And this practice has been acceptable by both sides of the aisle. Chairman ARCHER and ranking member GIBBONS both requested a restrictive rule from the Rules Committee, and this is one of the rare instances when I agree that a restrictive rule is necessary.

Additionally, although the rule provides a blanket waiver, it is my understanding that only two technical budget act waivers are needed for this bill. Section 303(a) of the budget act prohibits revenue changes starting in a year other than the year of the current budget resolution. Because the changes in this bill to the earned income tax credit are effective in fiscal year 1996, a waiver of section 303(a) is required. Also, section 311(a) requires that revenues not fall below the levels in the current budget resolution. The bill is paid for over the 5-year period, but it is estimated to run a deficit in the first year. So it is necessary to waive this section also.

Mr. Speaker, H.R. 831 will help more than 3.2 million self-employed Americans by restoring the 25-percent deduction for health insurance costs of the self-employed. Currently, larger businesses can deduct the entire cost of health insurance for their employees as this is a legitimate business expense. There is no equivalent provision for the self-employed. This bill retroactively and permanently restores the 25-percent deduction, which expired at the end of 1993. By passing this legislation, we are making it economically possible for many self-employed to obtain health insurance coverage, thus reducing the number of uninsured Americans.

I am particularly pleased that this measure makes the deduction permanent so that our farmers, doctors, hairdressers, and so many others do not have to worry from year to year whether or not they can afford to keep their health insurance coverage.

Although there is wide bipartisan support for this effort, this bill is unfortunately not without controversy. To offset the loss of tax revenue, the bill terminates a program that allows the Federal Communications Commission to give tax breaks to corporations that sell their broadcast facilities to minority purchasers. Additionally, the bill phases out eligibility for the earned income tax credit to anyone who has more than $2,500 per year in interest and dividend income.

We will hear strong arguments against changing the FCC provisions, but the substitute amendment allowed under the rule, along with the motion to recommit with instructions, provides opportunities to address this issue. Mr. Speaker, I urge adoption of this rule, and I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, although no one expects an open rule on a tax bill, at the very least I had hoped Republicans would allow us to offer the three or four other major amendments debated at the Rules Committee.

In committee, Democrats offered a number of constructive amendments to improve the health care deduction and to change the financing provisions—to find some way besides a retroactive tax increase to pay for this.

At the Rules Committee, Democrats consolidated their proposals into four amendments:

First, the amendment by Mr. RANGEL funds the health deduction by preventing Americans who renounce their citizenship from avoiding their taxes;

Second, the amendment by Mr. CARDIN increases from 25 to 80 percent the portion of the cost of health care insurance that a self-employed individual could deduct from his or her taxes;

Third, the amendment by Mr. STARK extends protections under existing law to make health insurance portable. People leaving a job would still be able to purchase their insurance at the same cost plus 2 percent; and

Fourth, the amendment by Mr. MFUME allows the self-employed to deduct 100 percent of their health insurance costs. It is paid for by modifying estate and gift taxes.

At Rules, three amendments were defeated on straight party line votes.

Mr. Speaker, one of the biggest problems with this bill is that it includes a retroactive tax increase. Companies acting on good faith are about to have their tax deductions yanked out from under them simply because we cannot find the money to pay for the health insurance tax deduction.

Even though this is technically not a rate increase it is a retroactive tax increase and it will still cause tremendous financial shock to a great number of business people who trusted their Government not to go back on its word.

This retroactivity is completely contrary to the promises made on opening day. But Mr. Speaker, this should not surprise us. So what is new.

On January 5, the Republicans said committees could not meet when the House was considering amendments under the 5-minute rule; they said the contract would be considered under open rules; they said rules would only contain specific waivers, and they said there could be no retroactive tax rate increases.

But these days, committees meet all the time while the House is in session under the 5-minute rule.

There have been a whole lot of closed rules.

This rule waives all points of order.

And, this bill, the very first tax bill out of the gate, includes a retroactive tax increase.

I want to emphasize that I am very supportive of the major goal of this legislation, which is to restore the deductibility for the cost of health insurance premiums paid by self-employed individuals.

It is absolutely critical that this deduction be available to ease the financial burden that the self-employed must bear because of the high cost of health care coverage.

One of the reasons I was very disappointed we failed to enact a comprehensive health care bill last year was because of the difficulties the self-employed face trying to find affordable health insurance.

But I oppose this closed rule, and I urge defeat of this rule.

Mr. Speaker, I submit the following items:

First, a statement of the administration's policy supporting the tax deduction but opposing the outright repeal of the FCC tax break, and

Second, a description of rules granted to date.

STATEMENT OF ADMINISTRATION POLICY

H.R. 831—Permanently Extend the Tax Deductibility for Health Insurance Costs for Self-Employed Individuals (Archer (R) TX and 3 others):

As stated previously, the Administration supports the primary purpose of H.R. 831—to extend permanently the 25 percent tax deduction for health insurance premiums for self-employed individuals.

The Administration opposes one of the bill's offsets—i.e., the outright repeal of the current tax treatment for the sale of radio and television broadcast facilities and cable television systems to minority-owned businesses. The Administration has expressed its willingness to work with Congress to review what actions are necessary to ensure proper use of the provision but continues to oppose its outright repeal.

The Administration will work with the Congress to identify appropriate offsets to extend this important health insurance tax deduction.

Scoring for Purposes of Pay-As-You-Go:

H.R. 831 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990.

The Administration's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 831 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending and receipts will be reported to Congress at the end of the congressional session, as required by OBRA.

PAY-AS-YOU-GO ESTIMATES

[Receipts in millions]

	1995	1996	1997	1998	1999	2000	1995–2000
SE Tax	−493	−437	−474	−516	−563	−613	−3,096
FCC	+399	+449	+213	+220	+226	+233	+1,740
EITC	.....	+14	+277	+295	+309	+332	+1,227
Other	+12	+31	+34	+37	+40	+43	+197
Totals	−82	+57	+50	+36	+12	−5	+68

Note:
SE Tax=25 percent tax deduction for self-employed persons.
FCC=Repeal of current tax treatment on sale of broadcast facilities to minority-owned businesses.
EITC=Modification of the Earned Income Tax Credit.
Other=Change in Section 1033 of the Internal Revenue Code.

FLOOR PROCEDURE IN THE 104TH CONGRESS

Bill No.	Title	Resolution No.	Process used for floor consideration	Amendments in order
H.R. 1	Compliance	H. Res. 6	Closed	None.
H. Res. 6	Opening Day Rules Package	H. Res. 5	Closed; contained a closed rule on H.R. 1 within the closed rule	None.
H.R. 5	Unfunded Mandates	H. Res. 38	Restrictive; Motion adopted over Democratic objection in the Committee of the Whole to limit debate on section 4; Pre-printing gets preference.	N/A.
H.J. Res. 2	Balanced Budget	H. Res. 44	Restrictive; only certain substitutes	2R; 4D.
H. Res. 43	Committee Hearings Scheduling	H. Res. 43 (OJ)	Restrictive; considered in House no amendments	N/A.
H.R. 2	Line Item Veto	H. Res. 55	Open; Pre-printing gets preference	N/A.
H.R. 665	Victim Restitution Act of 1995	H. Res. 61	Open; Pre-printing gets preference	N/A.
H.R. 666	Exclusionary Rule Reform Act of 1995	H. Res. 60	Open; Pre-printing gets perference	N/A.
H.R. 667	Violent Criminal Incarceration Act of 1995	H. Res. 63	Restrictive; 10hr. Time Cap on amendments	N/A.
H.R. 668	The Criminal Alien Deportation Improvement Act	H. Res. 69	Open; Pre-printing gets preference; Contains self-executing provision.	N/A.
H.R. 728	Local Government Law Enforcement Block Grants	H. Res. 79	Restrictive; 10 hr. Time Cap on amendments; Pre-printing gets preference.	N/A.
H.R. 7	National Security Revitalization Act	H. Res. 83	Restrictive; 10 hr. Time Cap on amendments; Pre-printing gets preference.	N/A.
H.R. 729	Death Penalty/Habeas	N/A	Restrictive; brought up under UC with a 6 hr. time cap on amendments.	N/A.
S. 2	Senate Compliance	N/A	Closed; Put on suspension calendar over Democratic objection	None.
H.R. 831	To Permanently Extend the Health Insurance Deduction for the Self-Employed.	H. Res. 88	Restrictive; makes in order only the Gibbons amendment; waives all points of order.	1D.

73% restrictive; 27% open. These figures use Republican scoring methods from the 103rd Congress. Not included in this chart are three bills which should have been placed on the Suspension Calendar: H.R. 101, H.R. 400, H.R. 440.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Florida [Mr. GOSS], a very valuable member of the Committee on Rules.

Mr. GOSS. Mr. Speaker, I thank the distinguished chairman emeritus of the Committee on Rules, the gentleman from Tennessee [Mr. QUILLEN], for yielding time to me, and let me first, at the request of the leadership, make a unanimous consent request.

PERMISSION FOR CERTAIN COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole House on the State of the Union under the 5-minute rule:

The Committee on Commerce;

The Committee on Government Reform and Oversight;

The Committee on Science; and

The Committee on Transportation and Infrastructure.

Mr. Speaker, it is my understanding that the minority has been consulted, and that there is no objection to these questions.

The SPEAKER pro tempore (Mr. HEFLEY). Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GOSS. Mr. Speaker, the House is moving expeditiously in meeting the pledges it made with the American people under the Contract With America. We continue to progress on issues of major importance to a clear majority of our constituents. Today we will act on legislation of great concern to many Americans—and one that has some sense of urgency with tax season upon us—the permanent extension of a 25-percent health insurance deduction for self-employed individuals. While this is a modified closed rule, all Members of this House seem to agree that certain types of highly complex bills—especially those involving the Tax Code—must be considered under carefully structured debate. I am pleased that we are able to provide for one amendment in the nature of a substitute to be offered by Mr. GIBBONS or his designee, which will allow those Members who came to the Rules Committee seeking changes in H.R. 831, a chance to have their views debated and voted upon.

I am delighted that H.R. 831 achieves a goal supported overwhelmingly by Members on both sides of the aisle. The deduction for the self-employed was unfortunately allowed to expire at the end of 1993, leaving many individuals and small businesses in limbo and at a distinct disadvantage under the Tax Code.

H.R. 831 takes an important step in providing some certainty to these folks, by making the extension of the deduction permanent. The goal is to establish the right mix of carrots and sticks so more people can secure health insurance. It was clear judging from the debate in the Rules Committee meeting last Thursday, that Members are eager to rejoin the larger issue of health care reform—of which H.R. 831 is only one small piece. I share that eagerness and look forward to a substantive debate on the whole picture of health reform in the coming months. In the meantime, I know there are some tangential issues raised by H.R. 831 that will prompt lively discussion on this floor—especially the side issue of minority preferences and the FCC—but I hope that the purpose of H.R. 831, providing a degree of fairness and reliability to the Tax Code for the self employed, will not be lost.

Mr. Speaker, I urge our colleagues to support this rule and to participate in this debate. I think it is going to be a good debate, with a good result.

Mr. MOAKLEY. Mr. Speaker, let me say that I am sure if I had the number of Members on this side that the gentleman has on his side, I would be sure it would be a good result also.

Mr. Speaker, I yield 7 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, I thank our colleague, the former chairman of the Rules Committee and presently ranking minority member, the gentleman from Massachusetts [Mr. MOAKLEY].

Mr. Speaker, I guess we ought to call this bill the clean-up of the messes of World War II.

I think the biggest accident that occurred in World War II—and I am talking now about political accidents or economic accidents—happened around this area of health insurance. As we may recall, early in 1942 the Congress decided that since wages and prices were going up so fast because of the number of people entering the military and because of the number of people who had to go into the new jobs that were being created to fill the war effort, there was a great push on wages and prices, so wage-and-price controls were instituted in the United States. But American business people being the ingenious people they are found a way around all that by granting fringe benefits.

There fringe benefits had largely been nonexistent prior to World War II, but with the increases in taxes, and the impact of wage-and-price controls, and the shortage of labor, fringe benefits became very popular. They became the popular way of enticing people to work in a particular industry. So out of all of those fringe benefits, at the top of the fringe benefits came health care coverage. Health care insurance sprung out of all that wage-and-price control push in the early 1940's.

Let me explain this to those who are not fully familiar with how these benefits work. They work essentially like this: If you are the beneficiary of a policy, the person who provides it to you, your employer, usually a corporation, gets a tax deduction for that policy. There are some abuses in that tax deduction. Some people get very, very generous benefits with these insurance policies, something bordering on vacations, and there are others who get

practically nothing. There is no requirement that the low-paid employees get the same amount as the bosses or the members of the board of directors.

□ 1720

So we need to straighten all that up, and we should have done it long before this time, and we need to do it as rapidly as possible.

That is one deduction. Then there is an exclusion from income. Remember, we were trying to find a way around wage-price controls, and these were not wages, they were not income to the employee, so they gave the employee an exclusion from income of this big benefit, which was just the same as wages, but the Congress did not catch it in time and they got excluded from income of the employee.

So there are two huge tax benefits. The largest tax benefits you will find in the Internal Revenue Code revolve around this insurance arrangement I have just described here. So that is one of the things we are going to take a small step in straightening out today.

The gentleman from Washington [Mr. MCDERMOTT] will have a provision in there that extends the deduction and exclusion to those people in the country who are self-employed, in other words, a secretary or helper of a self-employed, or someone whose corporation or business does not give them a health insurance policy. He will allow those people who have been discriminated against horribly in our tax system and horribly in our health care system, if the substitute amendment passes, and I think it ought to pass, to get a tax deduction. It will have to be phased in, because we are talking about a lot of money, but it is the right and just thing to do for the self-employed who are covered by this bill, and the employees of the self-employed and by those employees who work for businesses who do not furnish health insurance. They ought to get the same kind of treatment of their income that employees do who work for a company who provides health insurance. If they buy the health insurance themselves, these employees will get an exclusion and a deduction. That is a good measure. It ought to be approved. It is in the amendment.

The other part of World War II that we are straightening out here has to do with a tax benefit that was granted because the Government had to seize certain radio channels for wartime purposes. Since the person that had their channel seized had no chance to reinvest their money right away in a new radio station, they got a rollover. Somewhere along the line, this rollover got turned into a benefit for minorities. That will be amply discussed in the debate to come.

A substitute will be available, and Mr. MCDERMOTT sitting right back here will handle the substitute. I have designated him to handle the substitute for the Democratic members of the Committee on Ways and Means, and he can adequately explain his substitute. I think it is a good substitute and I urge you all to vote for that.

I would urge Members in the process here to vote for the motion to recommit, because it really does right by people who have been hurt and hurt badly and unfairly, and to vote also for the McDermott substitute, because it does a fine job in making the necessary corrective efforts in the other tax benefit.

Mr. Speaker, I yield back the balance of my time.

Mr. QUILLEN. Mr. Speaker, I yield 8 minutes to the gentleman from Texas [Mr. ARCHER], the distinguished chairman of the Committee on Ways and Means.

Mr. ARCHER. Mr. Speaker, I thank my friend for yielding and for bringing this rule before the floor. I think it is a fair rule. It gives the minority an opportunity to have an hour debate on their substitute and also gives them another opportunity to make a motion to recommit with instructions. I believe that this issue can be fully developed under that framework.

As the gentleman from Florida [Mr. GIBBONS] just completed saying, until December 31, 1993, the self-employed were permitted to deduct for tax purposes 25 percent of their health insurance costs. At that time, it was permitted to expire, and was not extended last year.

H.R. 831 not only restores the self-employed's 25-percent deduction for 1994, but also makes the deduction permanent, so it does not continue to go down this roller coaster road of being on again, off again without the certainty that the self-employed should have.

It is vital so that millions of self-employed individuals can avoid the expense of having to file an amended tax return for 1994. Hopefully we will get this bill out of the House today, pass it to the Senate, and hopefully it will be passed rapidly over there.

The $2.9 billion revenue cost of permanently extending the self-employed health insurance deduction is fully funded in this bill by several provisions that will greatly improve our Nation's tax laws. Because it is fully funded, it will not in any way increase the deficit.

First, H.R. 831 repeals the Internal Revenue Code section 1071, under which the Federal Communications Commission can grant, at its discretion, tax certificates deferring tax on the sale or exchange of broadcast facilities.

Section 1071 was enacted in 1943 to address problems arising from new Federal regulations forcing the sale of radio stations. Under general tax principles, gain on dispositions of property that is involuntarily converted, that is, property that is destroyed or taken by the government in a condemnation proceeding, is excluded from taxable income if the proceeds are reinvested in similar replacement property.

However, the involuntary conversion rules in effect at the time in 1943 did not apply to the sales of radio stations because of the scarcity of stations and there was no opportunity for reinvestment.

Congress believed, therefore, it was appropriate to liberalize the rules for the FCC-ordered sales and code section 1071 was enacted. The time has come to repeal section 1071 because the FCC has expanded the purposes for which it issues tax certificates far beyond Congress' original intent of addressing problems relating to involuntary sales of broadcast facilities.

More important, I believe it is wrong for the Congress to give authority to any agency to administer what is in essence an open-ended entitlement program with no constraints on the extent to which the agency can hand out tax benefits.

Clearly, this leaves a large tax loophole in the code. H.R. 831 would repeal this loophole and not, as my friend from Massachusetts said, retroactively, but rather to January 17, at which time notice was given by public press release that whatever action we took would begin on that date. It is prospective beginning January 17, and I would say to my friend from Massachusetts that if he supports the Democrat substitute, it has the same effective date of January 17. So we should disabuse ourselves of any charges of retroactivity that might occur in what we do today.

The bill's other offset for the cost of making the 25-percent deduction permanent is a tax change proposed by the Clinton administration to deny the earned income tax credit to persons with more than $2,500 of taxable interest and dividend income. The administration stated in its proposal that under current law a taxpayer may have low earned income and therefore be eligible for the EITC, even though he or she has significant interest or dividend income. The EITC should be targeted to families with the greatest need.

The Committee on Ways and Means agrees with the administration. However, rather than deny the entire EITC when interest and dividend income reaches $2,500 as the administration proposed, H.R. 831 would phase out the credit as interest and dividend income increases from $2,500 to $3,150.

Thus, not only does H.R. 831 reinstate the self-employed's 25-percent deduction for health insurance costs, it also makes several other needed changes in our Tax Code. I urge my colleagues to support this rule.

Mr. MOAKLEY. Mr. Speaker, it gives me great pleasure to yield 7 minutes to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. My colleagues, I hope we take a good look at what is going on here today and see whether or not we want to project this type of conduct in the future.

First of all, the health benefits that we are talking about expired in December, and there should be very few, if any, Members in this House that would not want to continue to make certain that we give a deduction and we encourage the self-employed to have health insurance.

Now, the committee had notice that we were going to take care of this from last year, but then comes the question of how we are going to pay for this. And would Members believe the committee had no notice of how we were going to pay for this until a day or two before the actual meeting to markup.

Now, we have had the subcommittee of the Committee on Ways and Means study the question of Viacom and to report back to the full committee. Well, we have not had any report on this Viacom deal and how all of a sudden this was selected to pay for the extension of the health benefits.

Now, Members will tell you that Viacom received $400 million, $500 million as a result of selecting a minority, that a contract was signed and that this was not the intention of the legislation because originally it had something to do with radio and television people getting rid of their property because of the law.

But we also know that this law was amended. And the person that was the beneficiary of getting the minority station was working for the FCC under President Carter. And he has subsequently gotten four pieces of TV and/or radio stations as a result of the law.

And this one he was about to do except someone said it did not pass the smell test. No one said it was illegal. No one said it was immoral. No one said that it violated any regulations. And I assumed it would be just out of taste to say that because this guy was black and was enjoying the benefits of the law that was written by this Congress, that we have now said we are going to stop the deal.

Now, if we have been doing this type of thing all along with every S&L contract that did not pass the smell test, I would join in and say, anything that Congress does not like, let us get involved and stop it. It does not sound too Republican to me, keep the Government out of business. Let the free marketplace work its will. But I just wonder if we can issue a press release and put people on warning, is that the type of reliance that we want on our Tax Code?

My good friend, the gentleman from Texas, Chairman ARCHER, says we should not have the FCC making these determinations, that it should be with the Treasury or should be with the IRS. I do not have any problem with that. I never said it should be the FCC. But if we want to knock out preferences that minorities get so that they, too, would be able to be proud to see their images on the airwaves, that they would not have to look at themselves as being clowns and walking slowly and telling jokes and being demeaned as criminals or people on welfare, if we want Hispanics to be able to say that they can look with pride at their own programs, if we want the world to say that the United States is not sterile, it is not white, it is not male, it is a beautiful combination of a whole lot of cultures and the whole world is made up of these people and we should make certain that we are not talking about affirmative action and preferential treatment, we should have our board rooms and our airwaves reflect what America really is, people of all colors.

And if we are going to knock out the minority provision, we should at least have hearings on it and do it in the open rather than look at this one deal, knock this out retroactively and then say that, hey, by the way, we have got to knock out the whole section because we do not like the FCC involved in making the decision.

We could reform this. If we in our hearts wanted to make certain that everyone had an equal chance, maybe this law was bad. Maybe we should substitute it with something else. Maybe we could have hearings and come up with something. But, no, they say that they want to make certain that this does not happen again and they wipe it out completely.

Now, I want Members to think with me, because I am not an economist, but what we are saying here now is that somehow this Viacom was going to make something from $400 million to $500 million in tax benefits and deferred payments of their capital gains tax.

All I want to know is, if this deal was going to cause us to lose $400 million in revenue, how does canceling the deal, where there is no transaction, raise the money to pay for the health bill? We cannot have it both ways. If the Viacom deal was based on taxes, and it was, and we shattered the Viacom deal to Washington, where in the heck is the money being raised? There is no transaction here.

I submit to my colleagues, if we have to do health, do health. If we want to knock out set-asides, knock out set-asides. If we want to set aside the hopes and the dreams of minorities that had this, well, go ahead and do it. We have the votes to do it. But I am suggesting that we do not have to do it in the middle of the night. This is the beginning of a folly. It started in the campaign.

We now find some gentlemen who are running for President in the other body suggesting that if elected they will strike out all preferences, that 62 percent of angry white males voted for the Republican party. Well, I tell my colleagues this: close to 50 percent of the American people did not vote for anybody. I think America has gone a long way in getting rid of the vestiges of racism. We have a long way to go. But if we have differences in how to get along as brothers and sisters, if we have differences in how all of us should make certain that we are treated with equality, I say, do not do it in the middle of the night. Come up. If we differ, let us fight about it. But this is no place to be wiping out a minority tax preference and color it under the cloud that we are trying to improve the quality of health for the self-employed.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I hope that this body today passes the rule and the bill. This is real working people's legislation. We always talk about helping middle-class America; this will truly help middle-class America.

Mr. Speaker, if Mobil Corp. can deduct 100 percent in health insurance costs, then why cannot Ann Kirchner, a farmer in Shiocton, WI, deduct just 25 percent of her health insurance?

The answer is that Congress allowed the 25 percent health insurance deduction for small business to expire last year.

Under the current Tax Code, big businesses may deduct the cost of health insurance from their taxes. The self-employed farmer, shopkeeper, entrepreneur, or small business owner, however, cannot deduct a penny of their insurance costs.

Congress can right this wrong by passing this bill, H.R. 831, to allow 25 percent deduction for the 1994 tax year and to make it permanent thereafter.

Since 1986, we have always had this annual renewal. Let us make it permanent, and we are going to do that with this legislation.

H.R. 831 will take us one step closer to the goal of leveling the playing field between big business and the ordinary self-employed American.

I would like to add that today's legislation should be just a starting point in making our health care system fairer for the average American. Congress must expand on today's work by making health insurance 100 percent tax deductible for all Americans.

I hope that my fears are not well-founded, that we are going to go with the 25 percent and then forget it. If 100 percent is good enough for Mobil Corp., the big corporation in America, why is not 100 percent good enough for the farmer, the shopkeepers and others?

Mr. VOLKMER. Mr. Speaker, will the gentleman yield?

Mr. ROTH. I yield to the gentleman from Missouri.

□ 1740

Mr. VOLKMER. Mr. Speaker, I agree with the gentleman that 100 percent is only the fair way to do it.

Would the gentleman, if given the opportunity, support an amendment to make it 100 percent?

Mr. ROTH. Mr. Speaker, I would say to the gentleman, I would be happy to do that. That is exactly the goal I am shooting for. I want to make it 100 percent deductible for all Americans, from the farmer from rural Wisconsin to the boardrooms of urban America.

There are 3.2 million people affected by this, and this is going to be the first step in the Republican plan to restructure health care in America so we have a fair Tax Code, and I hope we pass this legislation to give the people a 25-percent deduction.

Then let us not forget that we want to make it as fair for the average American as we have made it for corporate America, and go ahead and have 100 percent deductibility for health care costs.

I thank the gentleman from Tennessee for yielding time to me.

Mr. VOLKMER. The gentleman can do it today, Mr. Speaker.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Because of the plea of the gentleman at the mike, Mr. Speaker, I think we will have a vote on the previous question, so the gentleman can vote against the previous question, and then put the amendment the gentleman wants in the bill.

Mr. Speaker, I yield 3 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Speaker, I thank the gentleman for yielding me this time.

This is a good follow-up to the last comment, Mr. Speaker. I went to the Committee on Rules on H.R. 831, to put in order an amendment that would increase the deduction for self-employeds to 80 percent, starting in the second year.

First, I want to congratulate the gentleman from Texas [Mr. ARCHER] and the gentleman from Florida [Mr. GIBBONS] for bringing this bill forward. This is a very important bill for self-employed individuals. They are filing their tax returns now. We do not want them to have to file amended returns, so it is important that we act promptly on this legislation.

Mr. Speaker, I support the bill. I supported the bill in the committee, and I will support the bill on the floor, but I was disappointed that the Committee on Rules did not make in order an amendment that would have allowed us to increase the 25 percent for the self-employed deductions to 80 percent. It could have been made in order. It was not.

Mr. Speaker, the tradition has been to protect many of the tax bills that come out of the Committee on Ways and Means, but there are only three other individuals was came forward to the Committee on Rules and asked for amendments to be made in order.

It would not have made it disorderly for those amendments to be placed in order by this rule, and I hope that we will not approve the rule in its current form. This bill is different than the bill filed by the gentleman from California [Mr. THOMAS] to extend the 25 percent for 1994 only. Many of us thought that would be the bill we would be acting on promptly. This bill extends it permanently, but at 25 percent.

My concern, Mr. Speaker, is if we extend it permanently at 25 percent, we are never going to get it up to the level of 80 percent, which I think is the right level.

Why 80 percent? Because the average business in this country pays 80 percent of the insurance premiums of its workers and it is entitled to deduct that entire 80 percent. To provide parity for self-employed people, if we allow them to deduct 80 percent of their premiums, we will have parity between the self-employed and the people who work for companies.

Mr. Speaker, is it important? Yes, it is. In 1986 we adopted a 25 percent deduction for the self-employed. It is estimated that 400,000 more people are insured as a result of that tax provision. However, there are still 3.1 million self-employed individuals who have no health insurance.

They are one and a half times more likely to have no health insurance than a company that can use the deduction of 80 percent, or what they can deduct on their insurance premiums. If the Committee on Rules would have made in order an amendment to increase this to 80 percent, we could have gotten more people insured.

I do not understand the logic for why that was not made in order. It was paid for in the amendment, it was in compliance with the rules, and in a sense of fairness, where the House can decide whether it should be 25 percent or 80 percent, why not let that amendment come before the House and be voted on by the House?

That is what my amendment and the amendment of the gentleman from Massachusetts [Mr. NEAL] provided for, and I would urge my colleagues to defeat the rule or the previous question so we can make that amendment in order, giving us the opportunity to vote for a higher percentage than 25 percent.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. QUILLEN] has the right to close.

The Chair recognizes the gentleman from Massachusetts [Mr. MOAKLEY].

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to my dear friend, the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL. Mr. Speaker, I thank the gentleman from Massachusetts for yielding time to me.

Mr. Speaker, I rise in opposition to the rule for H.R. 831. This legislation would restore and make permanent the 25 percent tax deduction for health insurance premiums for the self-employed. The deduction is paid for by a very controversial tax change.

This rule makes in order one and only one substitute. The markup originally scheduled on this Committee on Ways and Means was to restore the 25 percent deduction for 1994. It was my understanding at that time that the committee wanted to act on this legislation quickly in order to prevent individuals from filing amended returns. We are fast approaching the tax filing deadline for 1994, and in fact for farmers the tax filing deadline is on March 1.

It is also my belief that at a later date the committee was to address the issue of making the deduction permanent and increasing the amount of the deduction. However, the day before the markup we received notice that the markup was to make the deduction permanent, and it would be paid for with two tax provisions.

One of the revenue provisions, the repeal of Code section 1071, gives the Federal Communications Commission the authority to grant tax certificates deferring capital gains taxes on the sale or exchange of broadcast facilities to minority individuals or minority-controlled entities.

I am pleased the committee took action on restoring the 25 percent deduction for 1994. However, I am very concerned that the 25 percent deduction should be made permanent, but we should move on this very quickly with additional changes that the gentleman from Maryland [Mr. CARDIN] and I have proposed. The deduction should be increased.

During the committee markup, the gentleman from Maryland [Mr. CARDIN] and I offered a specific amendment to restore the deduction for 1994 and to increase the deduction to 80 percent for 1995 and 1996. This proposal would be financed by the same revenue offsets. The amendment unfortunately failed on a party-line vote.

Mr. Speaker, we have testified in front of the Committee on Rules about our amendment. The Committee on Rules did not make our amendment in order, although they gave us a very courteous hearing, and there seemed to be general sympathy in the committee on both sides for our proposal.

This legislation is very straightforward. The amendments presented to the Committee on Rules by Committee on Ways and Means members were germane and substantially related to 831. This was not a situation where there were complicated issues in the legislation, or the amendment contained new revenue offsets.

The 25-percent deduction is extremely important as an issue for the self-employed. One quarter of self-employed Americans, 3.1 million farmers, and craftsmen, professionals, and small business proprietors have no health insurance. The self-employed are one and a half times more likely to lack essential health care coverage.

Mr. Speaker, the Tax Code should encourage the self-employed to pursue health insurance. The deduction would allow businesses to spend more on health care. There are approximately 41 medically uninsured.

We need initiatives to encourage working people to provide for health care coverage. An individuals's employment should not determine the tax treatment of their health insurance. Most importantly, on this occasion, this full House is fully capable of debating this issue tonight.

This is important to self-employed Americans across this Nation, and we should not have been denied the opportunity to offer the amendment proposed by the gentleman from Maryland and I.

Mr. Speaker, I firmly oppose this rule, and I urge those on both sides to proceed with a full debate and vote against this rule this evening.

The SPEAKER pro tempore. The Chair would ask the gentleman from Tennessee [Mr. QUILLEN] if he has additional request for time.

Mr. QUILLEN. Mr. Speaker, I have one additional speaker.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SOLOMON], the distinguished chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, there may be a lot more acrimony, if we hear any more of this rhetoric about closed rules around here.

Mr. Speaker, I just want to tell the Members in the minority, they never had it so good. No other minority in the history of this Congress was ever treated as good as they have been treated.

Mr. Speaker, let me tell the Members something else. We Republicans said to the minority, we said to my very good friend, the gentleman from Florida [Mr. GIBBONS], the ranking member of the Committee on Ways and Means, whatever he wants we will make in order. We want to be fair.

We made in order a rule that says the gentleman from Florida [Mr. GIBBONS] or his designee can offer any amendment that he wants. What is more fair than that? Then I hear all this talk, Mr. Speaker, about how some few Members are going to try to offer another amendment to shorten this exemption for the self-employed that we are making permanent here today.

□ 1750

Let me tell you something. We Republicans are not going to foul up the American people anymore. We are going to make this exemption permanent forever. And no other amendments are going to be offered on this floor that change that.

There is nothing more aggravating to a small businessman or to a farmer than to have Congress continue to micromanage their life. And that includes procrastinating and letting this exemption run out.

We should have done this bill last year, but, no, this Congress was too busy fooling around trying to get reelected. It is about time we got down to business. That is what this bill does.

I hear all this talk that some few Members are going to try to change the funding provision in this bill so as to wipe out the estate tax exemption. Nobody more than me, with 5 children and 4 grandchildren, resents that more.

Members are not going to reduce the inheritance tax exemption that citizens now have. We ought to be raising it to $1.2 million, not cutting it down to $200,000, which is what some few Members want to do.

Let me tell you something. Let's get this rules debate over. Let's get this bill out on the floor, and let's get up and vote for it one way or the other. We know what we are voting for. We don't need all this rhetoric.

Mr. NEAL. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to my good friend the gentleman from Springfield, MA, whom I have a lot of respect for.

Mr. NEAL of Massachusetts. I thank the gentleman for yielding. By the way, you were up for reelection last year, were you not, Mr. Chairman?

Mr. SOLOMON. I don't even remember it has been so long ago.

Mr. NEAL of Massachusetts. You are so confident, you do not have to worry about reelection. Those of us on our side, we have to worry about it.

Mr. SOLOMON. Let me tell the gentleman something. I represent a district that is 45 percent Republican, and I get 75 percent of the vote. That is how confident I am, because I represent the people. I don't come down here and talk out of both sides of my mouth.

Mr. NEAL of Massachusetts. Let me ask the gentleman a specific question if I might. I just want to say that in 7 years here I have never received a more courteous hearing from anybody on my proposals, when members on both sides of that committee agreed entirely with the proposal, at least verbally, that the gentleman from Maryland [Mr. CARDIN] and I offered, and then, despite the fact that everybody said, "Yes, this is the correct posture, this is the right position, you're demonstrating the right attitude," and then we were told we could not offer our alternative.

Everybody there in that room that day agreed with us, I say to the gentleman from New York [Mr. SOLOMON]. Then they said, "No, but you can't offer it." But I do thank the gentleman for receiving me in a courteous manner.

Mr. SOLOMON. If I had been in your shoes, I would have gone to my minority leader, and I would have said, "This is what I want in that substitute." And I would have got it.

Mr. MOAKLEY. Mr. Speaker, I think the gentleman from New York [Mr. SOLOMON] will have to apologize to a lot of Members that he could not get their amendments through when he was the minority leader on the committee.

Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. I thank the gentleman from Massachusetts for yielding me this 2 minutes.

Here we go again, folks, another gag rule, just like we have been having right along. I can well remember the day after we were sworn in, the gentleman from New York said we were going to do open rules, at least 70 percent open rules.

Let us look at this week. We have got a gag rule tonight, tomorrow we get another gag rule, Thursday and Friday we get another gag rule. That does not sound like very much openness. How about a good amendment? The best amendment I have heard. "You can't offer it."

Some way, folks, you should realize that this House should be able to determine whether or not our small-business people, my farmers, who are paying $7,000, $8,000, $9,000 a year on health insurance but cannot deduct a penny, they ought to be able to do like big business. Big business controls down here. Big business gets a 100-percent deduction. But they do not allow my small-business people and my farmers to do that.

How can we do it? We can do it by defeating the previous question, and once the previous question has been defeated, that amendment will be in order. So a vote on the previous question is a vote whether or not you want 100-percent deductibility for your farmers, for your small-business people or if you do not want it. That is what it amounts to, I say to the gentleman from New York, very clearly. It is very clear for everybody. Nobody can deny the fact that if we defeat the previous question, that amendment will be made in order.

So if you want to vote on it, now is the time, when we get right to the previous question, vote down the previous question, get the amendment in order, let the House decide this matter, and don't let it be stymied by the Committee on Rules.

Mr. THOMAS. Mr. Speaker, will the gentleman yield briefly?

Mr. VOLKMER. I yield to the gentleman from California.

Mr. THOMAS. I would ask the gentleman from Missouri that if the amendment to fund self-employed at 100 percent is offered, what will be the revenue source to cover the cost?

Mr. VOLKMER. The gentleman from Maryland and others who have developed the amendment have it. I do not know exactly, but they do have it developed.

Mr. THOMAS. I see.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. DREIER], a very valuable member of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank the distinguished chairman emeritus for yielding me this time.

Mr. Speaker, I rise in strong support of this rule. It is a fair and balanced approach to a very important issue, trying to make permanent this very important deduction which farmers and small business men and women need if they are going to survive in this economy.

We have by addressing this apparently opened up the issue of health care reform. Mr. Speaker, we plan, when we get beyond the first 100 days, to move meaningful market-oriented health care reform legislation. But this is not the place to do that.

The measure here is very specific, it is being done under a fair and balanced process. Everyone has acknowledged that we should not be opening up the Tax Code for all kinds of amendments which could create many serious problems. This is the way that it should be done. I hope very much that my colleagues will join in supporting this balanced rule.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FATTAH].

Mr. FATTAH. Mr. Speaker, I thank the ranking member of the Committee on Rules for yielding me the time.

It was once suggested that what would it really mean if you won the world and lost your soul. It seems as though the great debate in the majority party's camp has been won by the David Duke faction. Because tonight under the guise of trying to help self-employed individuals, they want to snatch the rug out from up under a program that has been very meaningful for the tens of millions of African-Americans and Hispanic Americans throughout this country.

Today in America, there are over 18,655 broadcast licenses for radio, TV, and cable. Out of these 18,000 licenses, 332 are owned by minorities. When this program was put in place in 1978, 0.5 percent of these licenses were owned by minority group members. It is now 3 percent, a sixfold increase. Three percent of the 18,000 licenses, some 300 of them, because we encouraged through the Tax Code a process in which some of the sales of radio and TV stations could move from the old boys' network to a circumstance in which other people in this country could participate.

So we have this sneak attack this evening on the floor of the U.S. Congress. I guess even David Duke would not be proud because he was making it very plain about what his position was.

I guess now the majority, as the chairman, as the gentleman from New York suggests, is why don't they just be more open about what it is they attempt to do. Their Presidential candidates have suggested that this is going to be a critical issue and they want to win votes by dividing our country.

It is an unfortunate hour for this Congress and for our country.

Mr. MOAKLEY. Mr. Speaker, I urge a "no" vote on the previous question to make in order the Rangel amendment, the Cardin amendment, the Stark amendment, and the Mfume amendment.

Mr. Speaker, I yield back the balance of my time.

Mr. QUILLEN. Mr. Speaker, to close the debate on this side, I yield 2 minutes to the gentleman from Illinois [Mr. WELLER].

□ 1800

Mr. WELLER. Mr. Speaker, I wish to thank the gentleman from Tennessee for the courtesy of yielding me 2 minutes of his time.

Mr. Speaker, I rise today to express my strong support for this rule and for H.R. 831 which will bring tax fairness to the little guy and especially millions of middle-class working Americans. This bill will restore the 25 percent health care deduction insurance for the self-employed. This sorely needed tax deduction was held hostage, as many will remember, by the Clinton government-run health care plan that was eventually rejected by the voters this past fall.

As a result 3.2 million families, including my own parents, self-employed farmers, will now be unable to deduct even 25 percent of the cost of health insurance for themselves and their families, unless we enact this legislation.

Major corporations are able to write off 100 percent of the costs of their health insurance. Yet, self-employed individuals, like my parents who run a fifth generation hog farm, may have to forgo insuring their family because they cannot afford the added cost. This situation will undoubtedly lead to thousands of Americans being added to the millions of those already uninsured.

H.R. 831 will restore at least part of the tax break that is currently available to corporations which the self-employed have come to rely on. This bill not only restores the deduction for last year, but also makes it permanent so that the self-employed do not have to travel down this road again, year in and year out.

Mr. Speaker, finally we have a Congress which is committed to bringing tax fairness to all Americans. Restoring the 25 percent health care deduction for the self-employed will help make health care more affordable. H.R. 831 is an important first step that must not be delayed.

Let us make the right vote and vote aye for the rule and H.R. 831.

Mr. QUILLEN. Mr. Speaker, I urge adoption of the rule. It is time that we get down to full debate on this measure and consider the substitute and go on with our business.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

PARLIAMENTARY INQUIRY

Mr. RANGEL. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman will state his parliamentary inquiry.

Mr. RANGEL. Mr. Speaker, it is my understanding that all points of order have been waived by the Committee on Rules, and my parliamentary inquiry is that if in fact there is no funding mechanism for the provision of extending health care for the self-employed, does the waiver of the point of order prevent anyone from going into the funding mechanism as it relates to the Budget Act?

The SPEAKER pro tempore. The rule does indeed waive all points of order against consideration of the bill.

Mr. RANGEL. I knew that.

But I am asking the Chair, when we have a violation of the Budget Act, and this is something that is very sacred to Republicans and Democrats, that the only thing that we have to do when we do not provide the funding for a particular piece of legislation is go to the Committee on Rules and ask them to waive any violation that we have as relates to the Budget Act? I mean is that the Chair's ruling?

Mr. SOLOMON. Mr. Speaker, I do not believe that is a parliamentary inquiry.

The SPEAKER pro tempore. The Chair will respond that the waiving of all points of order includes waiving of points of order when it concerns rules under the Budget Act.

Mr. RANGEL. So my last parliamentary inquiry is if we want a bill funded and we do not have the money for it, all we have to do is go to the Committee on Rules and tell them to waive it, and then we do not even have to fund it, is that correct? Is that correct, Mr. Speaker?

The SPEAKER pro tempore. The Committee on Rules does have the authority to waive all necessary points of order.

Mr. RANGEL. My point, Mr. Speaker, is that you can bust the budget.

The SPEAKER pro tempore. Does the gentleman have a further inquiry? The

gentleman should not restate the inquiry over and over again. If the gentleman has another inquiry let him state it.

Mr. RANGEL. Then the Budget Act is not relevant when the point of order is being waived by the Committee on Rules?

Mr. SOLOMON. Mr. Speaker, that is not a parliamentary inquiry.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. VOLKMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Pursuant to the provision of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 191, not voting 13, as follows:

[Roll No. 146]

YEAS—230

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Boucher
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cox
Crane
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greenwood
Gunderson
Gutknecht
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martinez
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Torricelli
Upton
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NAYS—191

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Brewster
Browder
Brown (CA)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Danner
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gordon
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson-Lee
Jacobs
Jefferson
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Laughlin
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Parker
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Rahall
Rangel
Reed
Reynolds
Richardson
Rivers
Roemer
Rose
Roybal-Allard
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Tauzin
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Traficant
Tucker
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOT VOTING—13

Borski
Brown (FL)
Cooley
Crapo
de la Garza
Dingell
Ehlers
Gallegly
Gonzalez
Meek
Radanovich
Rush
Williams

□ 1823

Ms. DANNER, and Messrs. OWENS, SPRATT, and FAZIO changed their vote from "yea" to "nay."

Mr. FLANAGAN and Mr. CHRYSLER changed their vote from "nay" to "yea."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. HEFLEY). The question is on the resolution.

The question was taken, and the Speaker pro tempore announced that the noes appeared to have it.

Mr. LINDER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 229, nays 188, not voting 17, as follow:

[Roll No. 147]

YEAS—229

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Boucher
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Cremeans
Cubin
Cunningham
Davis
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Goodlatte
Goss
Graham
Greenwood
Gunderson
Gutierrez
Gutknecht
Hancock
Hansen
Hastert
Hastings (WA)
Hayworth
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Menendez
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley

Packard
Parker
Pastor
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Stearns
Stockman
Stump
Tate
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NAYS—188

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Brewster
Browder
Brown (CA)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Danner
Deal
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gordon
Green
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hayes
Hefley
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson-Lee
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Klink
LaFalce
Lantos
Laughlin
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pomeroy
Poshard
Rahall
Rangel
Reed
Reynolds
Richardson
Rivers
Roemer
Rose
Roybal-Allard
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Tauzin
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Tucker
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOT VOTING—17

Borski
Brown (FL)
Crapo
de la Garza
Dingell
Ehlers
Gallegly
Gonzalez
Goodling
Jacobs
Meek
Pickett
Radanovich
Rush
Spence
Talent
Williams

□ 1831

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. HEFLEY). Pursuant to House Resolution 88 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 831.

□ 1834

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 831) to amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes, with Mr. MCINNIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Texas [Mr. ARCHER] will be recognized for 30 minutes, and the gentleman from Florida [Mr. GIBBONS] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. ARCHER].

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am proud that the first bill out of the Committee on Ways and Means in this Congress is one that is so important to our Nation's small business community. H.R. 831 will finally make the self-employed's 25-percent deduction for health insurance costs permanent, ending the uncertainty that is accompanied in this provision since its enactment in 1986. H.R. 831 enjoys strong bipartisan support and strong support from the Nation's small business community. In fact, the National Federation of Independent Businesses has strongly endorsed H.R. 831 and opposes the McDermott substitute, and the NFIB will consider a vote on this bill as a key vote for the 104th Congress.

Mr. Chairman, I reserve the balance of my time.

Mr. GIBBONS. Mr. Chairman, I yield 3½ minutes to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Chairman, my colleagues, some time ago some remarks were attributed to me indicating that I was calling my colleagues Hitler or suggesting that they were Nazis, and I want to publicly apologize to anyone that was offended or thought that the inference, as related to Hitler or to Nazis, had anything at all to do with the people I work with every day.

The point that I was trying to make and I make today, and perhaps not as well as I wish I could, is that during the time of the Holocaust, when the Jews were the targets of the failure of the German Government to provide a decent economy, he decided that he was going to scapegoat the Jews, but so many people that were also on his list, they never heard about what was going on. They did not believe that they were involved. The Christians were not involved. The Pope did not know what happened. Even Franklin Roosevelt never knew what happened. And today there are some people who say it did not happen at all.

An analogy that I was making, as bad as it may have been, is that there is an assault today on the poorest of the poor in the United States, an assault on Medicaid, an assault on our aged. There is an assault now even for minorities who are trying so desperately hard to be on an even playing field.

□ 1840

It is not that I am talking about affirmative action. Heck. White folks have had affirmative action all their lives and their daddy's lives and granddaddy's lives. The only time blacks get affirmative action really is when it is time to go to combat and you see who is in the infantry and see who is flying the planes.

All we are saying is those airwaves belong to us just like they belong to you. And we are not asking for you to give us the money to buy them. This is some scheme that was created that allowed the seller to look for minorities, so that they would be able to be the beneficiary of what they do in the old boys club.

Now, I am saying if you do not like the scheme, let us come up with a better one. But do not use health care as a reason to knock out a preference that we have to allow Hispanics and Asians and native Americans just to be able to look at television and see on it something that we like to see for your wives an our families.

How dare anyone say that it is fair to tie up a good bill to extend health care to the self-employed with this vicious act without a hearing, without a report, just because someone says that this black guy got too big a deal.

I am telling you, if you do not like this deal and you feel that retroactively you can put out a press release or pass a law and knock out the deals, I wish I had known this when we had the savings and loan thing coming across, because we had some deals there that never passed the smell test. But this is what we are doing for the future.

Let me tell you this: You are firing the first shot across the bow regarding

knocking out affirmative action and preferential treatment. We can use that tax code for other things too.

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume, simply to reply to the gentleman that there was a full and open hearing in the oversight subcommittee of the Committee on Ways and Means on January 27 where all witnesses who were interested in the subject were invited to come and present their views.

Mr. Chairman, I yield 2 minutes to my friend, the gentleman from Texas, Mr. SAM JOHNSON, who has fought for the interests of all Americans, who nearly gave his life, and who holds the record for the longest period of time in solitary confinement of any military person in the history of this country, who sacrificed not just for one type of American, but for all types of Americans.

Mr. SAM JOHNSON of Texas. Mr. Chairman, I want to clear the air. This bill is not about race or about a Republican plan to dismantle affirmative action. This is about providing a permanent 25-percent deduction for health insurance to the 3.2 million hard-working self-employed Americans.

In order to provide funding for this deduction the Ways and Means Committee repealed section 1071 which is simply an FCC tax give away.

Section 1071 was created in 1943 by the FCC to give tax certificates to radio station owners that were forced to sell one station. Under FCC regulations, at that time, an owner could not have two stations in one market.

Since 1943, the FCC has ballooned section 1071 into a voluntary, loosely defined, unsupervised, open-ended tax giveaway entitlement program.

They have kept sparse records of the tax loss to the taxpayers, and how if at all, the program has enriched minority ownership. It is a program that has outlived its usefulness. Not to mention the fact that an independent agency should never be in the position of implementing tax policy, this has and will invite disaster. Tax policy is only made by Congress and should be carried out by the IRS.

Mr. Chairman, it is time to focus on the real issue at hand, giving the self-employed a richly deserved deduction to help cover their health costs for themselves and their families. Americans want, need and deserve relief. We say support the self-employed, support the passage of this bill.

Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. STARK].

Mr. STARK. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, we will be offering a motion to recommit, and I would like to talk with you a little bit about what this will do and what it will not do.

It will provide some peace of mind to 3.5 million Americans who, as we debate tonight, are counting the months until they lose their health insurance. If nothing else, Mr. Chairman, this changes nothing in the bill except to extend their coverage as we granted them in 1985 by a unanimous vote of the Committee on Ways and Means.

These people will lose their extended coverage because it expires between 18 and 36 months from the time they had a change in family status or lost their jobs for other reasons, and thereby would have lost their employee health insurance. No one will have to subsidize anyone. This is merely allowing those people to pay the full cost of their insurance, at no cost to the employer, no cost to the taxpayer.

How can we deny these people, 16 million families have taken advantage of this since 1985. There are each year 3 or 4 million people who because of divorce, disability, the plant closes, would not have insurance, voluntary private sector insurance. How can we deny those people the opportunity to extend their insurance, protect their families in the best American way?

Mr. Chairman, I urge you to consider this amendment. It has had bipartisan support. It is humane. It will not deter us from giving the deductibility to the self-employed.

So I ask my friends on both sides of the aisle to consider tonight a motion to recommit which will not deter us from what many of us support, and that is the deductibility of insurance cost for the self-employed. But let us take the fear out of the hearts of 3.5 million Americans tonight who will know that they may extend this coverage for their families, themselves, their disabled children, whomever, at no cost. No cost to the budget, no cost to the employer, no cost to anyone except those people who will have to work hard to pay the premiums to the private insurance company under which they are covered.

I urge Members to think hard and long about bipartisan support for the motion to recommit.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the respected gentlewoman from Connecticut, [Mrs. JOHNSON], the chairman of the Subcommittee on Oversight of the Committee on Ways and Means, who so ably conducted the hearings that brought this bill before the House today.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise in strong support of H.R. 831, a bill that permanently extends the 25-percent deduction for health insurance costs to the self-employed.

Mr. Chairman, for too long, millions of self-employed workers have lived with the uncertainty of not knowing whether they could deduct some portion of their health insurance costs from year to year. Enacted on a temporary basis in 1986, the deduction was extended several times, expired at the end of 1993 and was not renewed throughout 1994. Today, we finally have an opportunity to provide the certainty of a permanent deduction to the millions of small business men and women who form the backbone of our economy, driving its inventiveness and job growth.

I also want to emphasize that the cost of making the 25-percent deduction permanent is fully funded by tax changes that make our Tax Code fairer and simpler.

The major change is repeal of code section 1071, which allows the Federal Communications Commission to grant tax benefits with respect to sales of radio, television, and other properties. Enacted in 1943 to address problems with respect to the involuntary sales of radio stations arising from wartime restrictions on the availability of new radio property, this provision has been significantly expanded by FCC action to cover television stations, cable TV systems, personal communications services, and in 1978 to promote minority ownership of broadcast facilities by offering tax certificates to those who voluntarily sell stations to minority individuals or minority-controlled entities.

Not only has the FCC changed the purpose of tax certificates, but also increased the size of the transactions they are allowed to cover.

The size of transactions receiving tax benefits under section 1071 has also expanded. The total Federal and State tax benefits for one transaction, Viacom's sale of its cable TV systems recently in the news, may be in excess of half a billion dollars.

The Subcommittee on Oversight, which I chair, found in hearings that section 1071 gives the FCC unfettered authority to hand out tax breaks to promote whatever policies it deems appropriate. No other Federal agency has such authority and no Federal agency should have such authority.

In fact, when the FCC sought to review the worthiness of its tax certificate program, Congress stepped in and literally forbade the FCC from any oversight work at all. In sum, 1071 provides big bucks for a few with no demonstrative effect on minority ownership or program diversity.

The other major financing provision in this bill is a variation on a proposal in President Clinton's fiscal year 1996 budget to deny the EITC to individuals who have more than $2,500 in taxable interest and dividend income. The Ways and Means Committee believed it was more appropriate to phase out the credit, rather than have it end abruptly when dividend and interest income hits $2,500. H.R. 831 phases out the credit for taxpayers who receive between $2,500 and $3,150 of dividend and interest income.

To achieve this level of dividend and interest income, a taxpayer would need

to have over $50,000 in savings assets. The administration believes—and I strongly agree—that the benefits of the EITC should go to low-income workers. It should not go to taxpayers with significant assets who otherwise have low earned income.

Mr. Chairman, making the 25-percent deduction permanent is extremely important. In addition, the funding provisions in H.R. 831 are changes that will improve the fairness or administration of our tax laws. H.R. 832 deserves your strong support.

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Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, I thank the gentleman for yielding time to me.

This is important legislation that we need to pass. The 25-percent deduction for self-employed individuals is an important tool for self-employed to have health insurance. And we need to pass it. I regret that the Committee on Rules and the rule that we passed does not allow me to offer an amendment, a bill that I have filed that would have increased the 25 percent to provide parity for the self-employed individual to what a business can deduct on the insurance premiums that they have for their employees.

We still have 3.1 million people who are self-employed who do not have health insurance. The 25 percent provision is important, but we should have had the opportunity to increase that to a fairer level so that self-employed people could have the same type of a tax advantage as those people who run businesses.

But we will have two other opportunities during this debate to expand access to health insurance to allow the private sector to provide more health insurance for their employees. The first will be on the Gibbons-McDermott substitute, which incorporates an amendment offered by the gentleman from California [Mr. STARK] that will allow the employees of the self-employed companies to be able to deduct their insurance premiums if their employer does not provide it up to the 25 percent.

This gives the employees the same parity as the company self-employed person has, and I would urge my colleagues to support the substitute for that reason to expand access to health care.

The second opportunity will be on the motion to recommit that will be offered by the gentleman from California [Mr. STARK]. That will extend COBRA beyond the 18-month period current law. This is at no cost to the employer. An employee who no longer is employed of a company, who wants to continue that health insurance in that group at 100 percent, actually it is 102 percent, by the cost of the employee would be able to continue that health insurance protection.

When we are seeing more and more people without health insurance today, why should not Congress, why should not this House provide greater opportunities for an individual to be able to get health insurance at no cost to the employer or government? So I would urge my colleagues to support the Gibbons-McDermott substitute. Support the motion to recommit that will be offered by the gentleman from California [Mr. STARK] so that we can expand health access with health insurance.

This bill is an important bill. We need to take care of this current tax year for the self-employed. But we also have the opportunity to go further, and I urge my colleagues to do that.

Mr. ARCHER. Mr. Chairman, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from Texas.

Mr. ARCHER. I thank the gentleman for his interest in raising the percentage of deductibility for the self-employed. I can assure the gentleman, as we move on into this year and we get into health care overall, it is intention of the chairman to try to move that percentage up.

Mr. CARDIN. I thank the gentleman very much. I know he is interested in that issue.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. CRANE], a member of the Committee on Ways and Means.

Mr. CRANE. Mr. Chairman, first I would like to salute my distinguished chairman for his efforts here to restore and make permanent the 25-percent health insurance deduction for the self-employed, something that should have occurred a long time ago, and he has finally adroitly addressed it.

Second, another reform in it is repeal of section 1071 of the tax code which has permitted an unconstitutional usurpation of the exclusive jurisdiction on the part of Congress and more specifically the House to originate tax policy. Tax policy has degenerated over a period of years and the lack of appropriate oversight into something that has been taken over in part in this instance by a Federal agency.

Finally, it ends the discriminatory provision that falls under the definition of affirmative action, because if affirmative action is dealing with minority rights, then what are the rights of minorities who are of Polish descent, of Irish descent, of Italian descent, German descent, Hungarian descent? It is long since overdue. I salute my distinguished chairman for having done it.

Mr. Chairman, I am proud to say that the first bill that has been reported to the House floor by the Ways and Means Committee this year, H.R. 831, sets us on a good course for tax policy in the 104th Congress.

The primary purpose of this bill is to permanently extend for the self-employed the 25-percent tax deduction for health insurance expenses. I would put emphasis on the word "permanently" because it raises a point that is worth noting in terms of tax policy. There are a number of deductions/credits in the tax code that are temporary in nature. Rather frequently, the Ways and Means Committee must decide whether to extend various expiring provisions. Consequently, every year hundreds of proponents flock to the Hill to lobby in support of the various provisions. This process is not only time consuming, costly, and unnecessary, but the temporary nature of these provisions is frankly unfair to the taxpayer. Taxpayers and businesses often never know from year to year whether they can count on a particular deduction or credit. In this case, the self-employed deduction expired December 31, 1993, meaning that those filing their returns for the 1994 taxable year with the April 15, 1995, deadline, still do not know whether they can take the deduction. This legislation will ensure that these hard-working individuals will not have to go through this kind of uncertainty again.

In my view, either these temporary deductions/credits are worthwhile or they aren't. If they are, let's make them permanent, and if they are not, let's eliminate them from the code altogether. I believe it is the intention of the Ways and Means Committee under the leadership of our fine new chairman, BILL ARCHER, to move in that direction. I will certainly do all I can to encourage the membership of the committee and the House to proceed accordingly. Moreover, I will look forward to the opportunity at a later date to consider raising the 25-percent deduction to a higher percentage. In the meantime, having the certainty that the deduction is going to be there is critical. As a member of the Ways and Means Committee who has dealt with this issue for many years, I can say with confidence that this credit helps literally thousands of individuals by encouraging health insurance coverage without the heavy hand of Federal bureaucrats.

Having touched on the principal purpose of this legislation, another aspect of the bill must be discussed. There are two items in H.R. 831 that have been incorporated into the bill to pay for the extension of the self-employed deduction. One of these items, specifically that portion of the bill which repeals section 1071 of the Internal Revenue Code, deserves further comment.

The history of this section is fully recited in the Ways and Means Committee Report 104–32. In a nutshell, current law attempts to promote minority ownership of broadcast facilities "by offering an FCC [Federal Communications Commission] tax certificate to those who voluntarily sell such facilities to minority individuals or minority-controlled entities." This tax certificate results in substantial tax savings for the sellers in the transaction and that fact alone should be enough for those little imagination to realize how such a provision might be utilized.

Basically, as section 1071 has evolved, it is designed to work as an affirmative action program to encourage minority ownership of broadcast facilities. To be blunt, I view affirmative action programs as reverse discrimination and believe that in the long run they are detrimental to the efforts of minorities to break

down some of the discrimination barriers that still exist because of the resentment such policies generate in the various classes of people not given the benefit. However, even if one supports the concept of affirmative action, it is not all clear that this program has actually resulted in long-term minority ownership of broadcast facilities as was intended. Rather, from the information that is available on the FCC program, it would appear that many of the deals are accomplished purely to take advantage of the certificate because we find the minority interest evaporating in a short period of time after the transaction has been triggered. Put another way, many of the deals that take advantage of section 1071 are consummated with little or no interest in ensuring long-term minority ownership. Finally, I would contend that the FCC should not be making these type of decisions anyway—I do not believe it is wise to give the FCC the authority to carry out Federal tax policy. In short, it is my strong opinion that section 1071 of the code is ill-advised and must be eliminated.

Mr. Chairman, I urge my colleagues to vote in favor of this important legislation because it embodies sound tax policy.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Chairman, I thank the gentleman for yielding time to me.

I rise in support of the Gibbons-McDermott substitute to H.R. 831. This substitute provides an appropriate alternative to H.R. 831.

H.R. 831 extends the deduction for the health insurance costs of self-employed individuals. However, this provision is paid for with a controversial provision. This legislation would repeal Code section 1071, a provision giving the Federal Communication Commission [FCC] authority to grant tax certificates deferring capital gain taxes on the sale or exchange of broadcast facilities. The FCC has offered tax certificates to those who voluntarily sell facilities to minority individuals or minority-controlled entities.

We can successfully argue that there are some problems with Code section 1071. It has been estimated that a recent proposed sale of cable systems could result in deferred gain of $1.1 billion to $1.6 billion. Code section 1071 does need improvement, but it does not need to be eliminated.

I do not believe the original intention of this proposal was to give billion dollar tax breaks to the wealthy. The gentleman from Florida [Mr. GIBBONS] and the gentleman from Washington [Mr. MCDERMOTT] have developed an alternative which provides a much better solution. The Gibbons-McDermott substitute gives the section 1071 tax certificate program a smaller scope by limiting the amount of gain on the tax certificate to $50 million. This proposal would transfer administration of the program to the IRS.

The proposal adds several important safeguards to the certificate program. These changes are appropriate. We should try to fix section 1071 before we enact an outright repeal. The Gibbons-McDermott substitute preserves the purpose of the program and will eliminate the abuses.

We can all agree the 25-percent deduction for health insurance is important. This proposal also creates a 25-percent deduction for the purchase of health insurance by employees who do not receive employer-sponsored health insurance. I urge you to support the Gibbons-McDermott substitute. This substitute is a responsible vote. The self-employed will receive the deduction they deserve and the FCC certificate program will not be repealed without the proper consideration.

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan [Mr. CAMP], a valued member of the committee.

Mr. CAMP. Mr. Chairman, I thank the distinguished gentleman for yielding time to me, and I rise in support of H.R. 831.

Mr. Chairman, I rise in support of H.R. 831. This measure is a critical first step in eliminating a severe injustice to the self-employed in this country.

By allowing small business people, farmers, and entrepreneurs to deduct 25 percent of health care costs for them and their families, we are taking a first step to encourage people to provide health care for themselves and their families.

It is time that this Government realize that self-reliance is something to be encouraged, not discouraged.

This legislation will help provide a good environment for self-employed people, particularly in my district where many farm families are self-employed and desperately need this provision so they can afford adequate health care.

I also contend that we must view this as a beginning. I hope my colleagues will not only support this measure to permanently extend this deduction but also join me in pursuing legislation that will allow a 100-percent deduction for these vital members of our community.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to another valued member of the committee, the gentleman from Ohio [Mr. PORTMAN].

Mr. PORTMAN. Mr. Chairman, I thank the gentleman for yielding time to me.

As a former member of the small business committee who worked hard to get to this point last year, I can just say it is my great privilege to stand here tonight in support of the bill of the gentleman from Texas, Chairman ARCHER.

I am very pleased that we are here. In talking to people in my district, the two things I hear about the most is the need for fairness and consistency in our tax laws.

I think this bill goes a long way to ensure both. It is fair because here finally we are helping those people who have taken the risk, pursued the American dream and been out working for themselves and in turn have provided jobs for others.

These are the hairdressers, barbers, farmers, small business owners, shopkeepers, the self-employed. If corporations can duck their health care insurance costs, it is only fair that these people can as well, so this bill is about fairness.

It is also about certainty and consistency, certainty because it permanently reinstates the deductibility, which is extremely important, as the gentlewoman from Connecticut [Mrs. JOHNSON has noted previously.

At a time when we are trying to figure out how to get as many people as possible covered by health insurance, this is exactly the sort of thing we should be doing. This gives an incentive to the 3.2 million people out there who are self-employed who would like to get into health care insurance. It gives them an incentive to do so, and takes away the current disincentive.

Rather than just proposing a Government takeover of health care, we are actually trying to give the American people what I think they want, which is the ability to help themselves.

In Ohio alone this bill will make health insurance more affordable to more than 50,000 farm families, not to mention, again, the self-employed plumbers, mechanics, mom and pop grocery store owners, and so on.

The bottom line is that by beginning to level the playing field between individuals and businesses, we will allow many of the self-employed to purchase health insurance who would not do so otherwise.

This is not just theory. I have had plenty of farmers come up to me in my district and say it is worth taking the risk of not going with coverage because their families are relatively healthy, without the deduction.

With the deduction, doing their own cost-benefit analysis, which they do, they would in fact buy health insurance. Therefore, it is going to help, and it is exactly what we should be encouraging in health care. I am particularly pleased to see we are moving quickly to put this before the 1994 returns.

Again, I congratulate the gentleman for bringing this bill to the floor.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. PAYNE].

Mr. PAYNE of New Jersey. Mr. Chairman, I rise in opposition to H.R. 831; more specifically, the section of the legislation that deals with the repeal of section 1071 of the Internal Revenue Code, tax assistance for minority broadcasters. The bill represents the beginning of a war waged by the Republican Party against any program that even suggests a hint of minority assistance.

Mr. Chairman, I am simply amazed by the level of hypocrisy exhibited by

the majority leadership with regard to this particular issue. The Republican leadership claims that the repeal of section 1071 is necessary to offset the expenses created by the 25 percent tax deduction of health insurance costs for self-employed individuals, which is also proposed in H.R. 831.

This is totally false. The repeal of 1071 will not raise tax revenues. Most communications transactions, such as AT&T-Lin Broadcasting, Time-Warner, Viacom, and at least a dozen other enormous television transactions have been accomplished on a tax deferred basis.

Eliminating the minority tax certificate program will not result in additional tax revenue. Rather, sellers of communications properties will simply employ other tax deferred techniques, such as mergers, stock swaps, and public offerings.

If the tax certificate program is killed, minority sales will not occur. They will be restructured and accomplished by only large corporations.

Mr. Chairman, I heard someone mention, what about the Hungarians, what about the Romanians, what about the other people? There are 11,303 licenses so far. 300 of these are in the hands of minorities. When the question is asked, where are all these other people, they are in the 11,000 licenses which are held by the majority of people.

As we look at this proposed agreement between Viacom and Mr. Frank Washington, it was an opportunity for a minority entrepreneur to become 321 out of the numbers.

Mr. Chairman, I urge defeat of H.R. 831.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Chairman, I rise in support of this very important legislation which will permanently extend the 25 percent health care deduction for the self-employed, and retroactively implement the deduction so that our small business people can use this deduction in preparing their 1994 tax returns.

This legislation is very similar to a bill I introduced last year, and again in January, and I commend the chairman of the Ways and Means Committee for his expeditious handling of this important and much-needed legislation.

Our Small Business Committee held a hearing on this issue on January 20, and witnesses testified that approximately 400,000 people are able to purchase health insurance because of this deduction.

As important as it is to make this deduction available to our small business people for 1994, just as important is the provision to make the deduction permanent. In the past, Congress has dangled the deduction over the self-employed every year, temporarily extending the deduction since 1986. In passing this bill, we will be assuring small owners that they will be able to deduct 25 percent of their health premiums in the future. They can plan on it. We have heard from Small Business that because of lower cash-flows, the ability to plan is imperative if they are going to offer health insurance. Making this bill permanent and retroactive is probably the number one business issue that we have heard about this year.

But it is important to remember that even with a permanent 25-percent deduction, small owners are not given the same benefits which the Federal Government provides to corporations: The ability to deduct 100 percent of their health care premiums.

Later this week, I will be introducing legislation which will incrementally increase the 25-percent deduction for self-employed to 100 percent. Incentives to provide health insurance should be equitable, and my bill will increase the 25-percent deduction to 50 percent in 1997 and 1998, to 75 percent in 1999 and 2000, and 100 percent of premiums would be deductible beginning in 2001 and thereafter. Our small entrepreneurs deserve the same breaks we provide for large corporations. Please join me as a cosponsor of this bill. It is another real step toward a goal we all support—providing health care coverage for everyone.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Florida, Ms. ILEANA ROS-LEHTINEN.

Ms. ROS-LEHTINEN. Mr. Chairman, I support the Gibbons-McDermott substitute protecting section 1071, which has helped to open up broadcast licenses to minorities. It will also tighten the provisions of this tax incentive to prevent potential abuse and insure that it will truly benefit minority owners.

If we fail to adopt this substitute, Mr. Chairman, we will be sending a message that we do not wish to continue this effort to encourage greater ownership by African-Americans, Hispanic-Americans, and other minorities in broadcasting. This provision was aimed at strengthening the FCC's efforts to make scarce broadcast air waves available to all Americans.

Minority participation in the ownership of radio and television stations has increased dramatically under this policy. Before 1978, minorities owned less than one-half of 1 percent of broadcast licenses. Today, 3 percent of all radio and television stations are owned and controlled by over 300 minority owners.

Many minority owners have testified that without this tax program, it would be difficult, if not impossible, for them to secure broadcast facilities. Section 1071 has made it possible for many to experience the American dream. By better serving the needs of the marketplace, it is truly a successful way of allowing our free enterprise to work for the benefit of all Americans.

Mr. Chairman, let us not participate in a rush to judgment to destroy this program, which has helped to open up access to the Nation's air waves for all of us.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. BUNN].

Mr. BUNN of Oregon. Mr. Chairman, I rise to offer my support to H.R. 831, the bill to restore the 25-percent tax deduction for health care premiums of the self-employed.

Mr. Chairman, as we know, President Clinton and the Democrat Congress got together in 1993 and passed the largest tax increase in our history. Their claim was that it only raised taxes on the richest 1 percent.

Yes, it did raise taxes on the rich, along with many others. It also raised taxes on some senior citizens who collect Social Security. It also raised taxes on self-employed individuals who pay for their own health insurance.

Last year, Mr. Chairman, Congress took away, with the President's approval, the 25-percent tax deduction for the health care premiums of the self-employed. It somehow conveyed the message that we care about the cost of corporations providing health care, we care about the employees of the corporations, but we do not care about the self-employed.

Mr. Chairman, it was a bad idea to remove the 25-percent deduction, and what we are doing today rights that wrong. I am pleased with our action.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Chairman, I rise in support of permanently extending the health care deduction for individuals, those that are self-employed, and I particularly salute the committee for making this change in the Tax Code permanent. There should be no doubt about that deduction and the existence of that deduction.

I also salute the committee for perfecting the Earned Income Tax Credit tax preference so it is much better written, so those who really, truly are in need will get what they have to have in order to be able to work and continue to take care of their family.

However, Mr. Chairman, I do disagree with the third part of this piece of legislation before us. We will have a substitute later in the evening that strengthens this program to assure that minorities have a real stake in the ownership that they want so desperately. It transfers this program from the FCC to the Internal Revenue Code, where it belongs, and it makes it possible for us to have fairness in our communications.

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Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. BARTLETT], who has spent so

much time and effort in seeing that the self-employed would continue to get this 25-percent tax deductibility on their insurance premiums.

Mr. BARTLETT of Maryland. Mr. Chairman, I rise in strong support of this legislation. It addresses a matter of fairness. For years now corporations have been able to deduct the full cost of health care premiums for their employees. The self-employed have been able to deduct only 25 percent. In the future we need to address this inequity. But tonight we address even a worse inequity. That is, that even this 25 percent is not now available. This is because this was a casualty of the failed health care debate in the last Congress.

When we look at who this affects and recognize that companies that had from zero to 4 employees produced more than 90 percent of all of the new jobs during the past recovery, we see that this is a group that can ill-afford this kind of discrimination.

For this reason I submitted H.R. 696 and am delighted that this bill to reinstate this for 1994 is incorporated in the present legislation. Now self-employed people all across the country can file their tax returns and take the 25-percent deduction for their health care premiums.

Again I would like to thank the chairman of the committee. We have now interrupted our 100-day contract legislation to enact this legislation. This sends a message how important we think this is for the American people.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, I rise in strong support of taking immediate action to restore the 25-percent deduction on health insurance. This deduction has long been available, should never have been allowed to expire last year, and prompt action tonight can retroactively reinstate this important deduction for self-employed people. Swift action will allow them to take the deduction without having to go through the expense and hassle of amending their returns.

We must recognize, however, Mr. Chairman, that this action is but step 1 of the road to parity in treatment of health insurance. Businesses, corporations have a 100-percent deduction. Individuals should be allowed no less. That is the concept implicit in H.R. 52, legislation I drafted on the first day of the 104th Congress which now enjoys the cosponsorship of 74 additional Members of this Chamber, both Republican and Democrat in roughly equal measure.

The reasons are clear. It will first of all restore tax fairness and tax equality, corporation to individual. Second, it promotes the affordability of health insurance coverage so that in this time when too many people cannot afford the coverage, coverage becomes more affordable through allowing the deduction.

Action is necessary tonight on this measure. Because while many people, most Americans face an April 15 tax filing deadline, the farmers I represent in North Dakota and throughout the country face a March 1 filing deadline. Prompt action this measure will allow this deduction. That is why I so strongly support this bill.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. ENGLISH], a valued new member of the Committee on Ways and Means and a New Member of the House.

Mr. ENGLISH of Pennsylvania. Mr. Chairman, I rise in strong support of H.R. 831. In it we propose to permanently expand access to health care for farmers and other small business people and to finance it by closing a grotesque tax loophole whose time has come and gone. The tax preference we are eliminating does not help the underclass. It does not help the poor and disadvantaged. It only helps the rich and well-connected who know how to game the system.

The American people cannot understand why we have a tax loophole that allows investors in a $2.3 billion conglomerate to save over $500 million on their taxes in order to give a $2 million profit to one businessman who happens to be a minority. That businessman as it turns out is the same retired Federal bureaucrat who designed this tax program in the first place.

Mr. Chairman, I urge my colleagues to end this abuse, improve health care for the self-employed, and pass this bill.

Mr. GIBBONS. Mr. Chairman, I reserve the balance of my time.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. FORBES].

Mr. FORBES. Mr. Chairman, I rise today in favor of H.R. 831, a bill to permanently restore the 25 percent tax deduction for health care premiums paid by the self-employed.

The last Congress refused to renew this provision and it is important to the small business community. On eastern Long Island, small businesses are the job creators, the staple of our local economy. From Montauk to Smithtown and Patchogue to Port Jefferson, the hard-working, self-employed owners of small businesses are struggling under excessive taxes and burdensome regulations. These entrepreneurs cannot afford to hire new employees and rejuvenate our lagging local economy while the Federal Government demands more and more of small business earnings. Permanently restoring the 25 percent health care deduction for the self-employed is a good step in the right direction.

The issue is really about fairness. Currently large businesses are allowed to deduct the entire cost of health care premiums for their employees and their families. On the other hand, self-employed business owners must pay 100 percent. It is basically unfair and this reverses that unfairness.

The Nation's small businesses are the backbone of our economy, and it is time we gave them this break. I urge my colleagues to embrace H.R. 831.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentleman from California [Mr. TUCKER].

Mr. TUCKER. I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong opposition to H.R. 831. My colleagues have pointed out that this is the right problem to attack. As a member of the Committee on Small Business, I certainly appreciate the need for a 25-percent deduction for self-employed business owners.

Mr. Chairman, this may be the right problem, but it is certainly the wrong solution. It is the wrong approach and the wrong attempt to corret this problem.

I have heard people talk about fairness. Certainly this is totally unfair. We are talking about trying to address one situation on the backs and on the burden of something that is totally unrelated. What I call it is laser-beam legislation. We have reached throughout the whole mass of laws and of matters and have zeroed in on one particular transaction dealing with Viacom and said that it would now be retroactive in order to repeal minority preferences and minority set-asides in order to fund this particular need for health care insurance for self-employed or businesses.

Once again, Mr. Chairman, it is the right problem but it is the wrong solution. As has been pointed out by my colleague, the gentleman from New York [Mr. RANGEL], certainly these savings are not savings at all. The reasoning is fallacious. So the $400 million that my colleagues have said would be saved are chickens that are really not counted.

In actuality what we are talking about is a very egregious attempt to dismantle and to disempower minority businesses and minority access to the FCC.

Mr. Chairman, it is for these reasons that I strongly oppose H.R. 831.

Mr. ARCHER. Mr. Chairman, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvaniva. Mr. Chairman, I rise to speak in behalf of H.R. 831. Recently a Member of this body compared in a press commentary the actions of Congress to those of Adolf Hitler and the Third Reich.

As a Member of the Congress of Jewish faith, I am personally troubled by those kinds of inappropriate comparisons. Invoking the image of Hitler, especially in contrast to this great body,

is an insult, I believe, to Jews and anyone who respects the American Congress and the important work we were sent here to do.

As the gentleman from Texas [Mr. ARCHER], the chairman, has stated, "By the use of inflammatory comments, you do democracy a deep injustice." This is all the more surprising with the fact that the Holocaust Museum is only 1 mile from the Capitol.

□ 1920

The United States in 1995 is vastly different from Germany in 1941 when people were exterminated for simply being who they were.

I support this legislation, a sound measure which will benefit the people of all races and is not intended to harm anyone. We need to pass this legislation, Mr. Chairman, so all people without regard to race, creed, national origin, or sex can afford health care insurance.

This bill permanently extends the now lapsed 25-percent deduction for health insurance costs. This is not an assault on the poor nor an issue of us and you. This is not about race. This is an opportunity for millions of Americans to have health care which they would not otherwise be able to afford.

Small business owners throughout my district of Montgomery County, PA come to me and ask for assistance to acquire health care. That is a good bill which benefits all people and deserves our support.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE. Mr. Chairman, how pained I am to have to stand here this evening to be able to talk about two jangled chords again. I certainly do appreciate the gentleman from Texas in his effort to deal with issues that all of us wholeheartedly agree on, and that is working men and women. But I have to rise to support the Gibbons and McDermott substitute which is not yet on the floor, which is about to raise the issue of health insurance suggesting that we can do this in a better way.

We clearly can provide for those who are self-employed, but in addition to that we can provide a tax deduction for employees whose employers do not subsidize their health care. We can do this in conjunction with not turning back the clock that has been so evenly supported by Republican and Democratic Presidents alike, Reagan, Clinton, and Bush.

I think it is important to realize, as William Raspberry said in his column in the Washington Post, are we really there yet, the kind of question your little one would ask you on a 100-mile trip. We are not there yet for equal opportunity for minorities. Why would we want to match and mix-match the issues of self-employed and working Americans with the question of opportunity in the purchase of Broadcast media for minorities which is long overdue?

We really need to emphasize that the electronic media and the opportunity to access purchasing media by minority business persons is a good thing to have happen. It is a good thing to have happen under conditions established by the Federal Government because it can document that minorities have a long way to go to own these stations.

Let us do the right thing; be fair to the self-employed. Let us be fair to those who are employed by the self-employed and let us be fair to minorities who would seek an opportunity to buy these wonderful stations that would serve the American people.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. TORKILDSEN].

Mr. TORKILDSEN. Mr. Chairman, I thank the gentleman from Texas for yielding me this time. I rise in strong support of H.R. 831, the bipartisan bill to restore the permanent 25-percent health insurance deduction for self-employed Americans.

Presently, self-employed Americans cannot deduct any of their health insurance premiums. In contrast, corporations, both large and small, enjoy 100 percent deductibility, as a cost of doing business.

This deduction is a positive first step to help the self employed provide themselves with health insurance, while providing a boost to our economy and adding a small degree of fairness to the tax code. Eventually, I hope we will increase this deduction to 100 percent for the self employed.

Self-employed business owners are not asking for a government hand-out. They are simply asking for fairness and the same tax break that every corporation receives.

Perhaps the most positive part of this legislation is that it is permanent. As any business owner knows, the ability to plan long-term and set business priorities over time is critical to not only growth and prosperity, but also survival. In the past, self-employed business men and women have been at the mercy of congressional reauthorization.

I urge my colleagues to vote for this bill.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. WATERS].

Ms. WATERS. Mr. Chairman, so far the debate has been about the proposed 25-percent health deduction for the self-employed. Now I support that. And I support that part of the substitute that allows for tax deduction for workers whose employers do not contribute to their health plans.

But let me speak about the unspeakable. I am opposed to this bill because it dismantles an extremely viable and important program that allows participation by minorities in the broadcast industry. And the concept is now new.

Back in 1943 the U.S. Government created an affirmative action program which authorized the FCC to provide tax relief for broadcast owners who were essentially part of monopolies. That was during World War II. This was not an affirmative action law for programs for blacks or Hispanics or women. It was affirmative action for white broadcast owners.

Twenty years later the FCC used the same framework, the same law to provide the tax preference for those broadcast companies who would sell to minority-owned firms. This was done to open up ownership opportunities to minorities and to basically promote diversity in an all white, male-dominated industry.

Now today we are asked to vote to dismantle this program. There are those who would argue it is too expensive and those who would say it is race-based. Is it too expensive that the Viacom deal will respond to get these tax benefits? They are only using the law in the way that it was framed. It is only fair that we continue to allow those who are playing by the rules to do so. Viacom will get its tax deferments. They should not be looked on as someone who is doing something wrong.

I ask Members to oppose this bill because it is basically unfair and it attempts to eliminate those who are simply trying to play by the rules.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. LATHAM].

Mr. LATHAM. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today to commend our Ways and Means Committee Chairman, the gentleman from Texas, Mr. BILL ARCHER on his outstanding efforts to retroactively reinstate the 25 percent deductability of health insurance for self-employed. Small business people and farmers.

This is one of the most important issues in my congressional district where tens of thousands of working families must purchase their own health insurance policies. More than a dozen other freshmen representatives joined me late last week in sending a letter to the leadership in both Houses requesting the earliest possible movement on this issue.

I understand that there are great time pressures we have imposed on ourselves with the Contract With America and members of the minority party want to delay our timetable with a motion to recommit.

However, restoring this tax deductability before March 1, in time for farm families to file their returns should be a point of bipartisan cooperation, and I hope we can move forward quickly.

Mr. GIBBONS. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. FLAKE].

Mr. FLAKE. Mr. Chairman, I rise in support of the McDermott substitute, and against any rescissions of preference for minority broadcasters.

I rise today to speak on H.R. 831, the health insurance deduction/minority broadcast preference.

Mr. Chairman, by all means, I support extending health care benefits to all Americans. However, the question now becomes how do we pay for this measure?

Mr. Chairman, I believe that it is extremely cynical for this Republican Congress to propose eliminating the minority broadcast preference in order to fund an important health care provision when just last year they killed the health care bill.

Mr. Chairman, sometime in the near future, we will visit the welfare reform debate, and I can assure you that the deficit hawks will favor reducing entitlement programs and converting funds into block grants to the States in an effort to reduce moneys spent on welfare programs.

Mr. Chairman, my colleagues on the other side consistently argue that Americans should work hard and play by the rules. However, Mr. Chairman, it appears from this bill that when some Americans work hard and play by the rules the rules are arbitrarily changed.

Mr. Chairman, this bill is being rushed through this Congress with virtually no debate. But more appalling, this bill is retrospective to January 17, 1995 for the sole purpose of eliminating the viacom deal.

Mr. Chairman, let us as Americans rise above the racial divisiveness that cripples our great nation.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. Mr. Chairman, for our national broadcasting communications system, which operates on the public airwaves, to serve our diverse population, ownership of broadcast stations must reflect that diversity.

The purpose of the minority tax certificate program is to offer minorities a means to own broadcasting facilities.

This is not a quota system and it is not a setaside. It is the use of tax law to achieve a desirable social goal—opportunity for minorities to buy and operate broadcasting stations.

One such minority-owned station, KBJR-TV in Duluth, MN, in my district, is owned by Granite Broadcasting Corp. KBJR-TV has long offered thoughtful, informative coverage of native Americans in northeastern Minnesota.

□ 1930

If there are abuses with the program, they ought to be assessed, addressed, and repaired. They should not be an excuse to eliminate this program, which the committee bill would do.

The Gibbons-McDermott substitute will retain and reform the existing tax preference for sales of broadcast companies to minority-owned firms.

I fully support the health insurance deduction provisions of the bill and especially support the McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 1½ minutes to the gentleman from Louisiana [Mr. MCCRERY], a very valued member of our committee.

Mr. MCCRERY. Mr. Chairman, I rise in support of H.R. 831, a bill which will make permanent the 25 percent deduction for health insurance for the self-employed. We should strive to make health insurance more affordable, and this bill does that. It will make business expenditures by small businesses more certain, as they will be able to rely on the 25 percent deduction for purchase of their health insurance, unlike past years when the temporary deduction expired, leaving the self-employed in doubt as to their true costs.

Should we go further by increasing the percentage of the health insurance costs of the self-employed which are deductible, or by extending this deduction to workers whose employers do not provide them with health insurance? Yes, and some of us will be working hard in the months ahead to include those even more attractive incentives in the Tax Code. But for now, it is important that we take this step in the right direction, important to make permanent this tax deduction that the self-employed have come to rely on.

And a quick word, Mr. Chairman, about the proposal in Mr. STARK's motion to recommit to extend indefinitely the period of time which a former employee may remain on his former employer's health insurance.

Mr. CARDIN stated that such an extension would impose no additional costs on employers. In fact, Mr. Chairman, an indefinite extension of Cobra benefits not only imposes increased costs on employers, but, either directly or indirectly, imposes increased costs on the remaining employees in the business. The data shows that, when faced with paying their own premiums, former employees who are healthy seldom opt to continue their insurance, taking a chance that they will not require substantial medical care before getting another job which provides insurance. On the other hand, former employees with health problems continue on their former employer's insurance which drives up the cost for the whole group.

Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. JEFFERSON].

Mr. JEFFERSON. Mr. Chairman, I rise to oppose section 2 of H.R. 831 regarding the "Repeal of Nonrecognition on FCC Certified Sales and Exchanges." I strongly support the objectives of H.R. 831 concerning the need to permanently extend the deduction for health insurance costs of self-employed individuals, however, I oppose the funding mechanisms suggested.

Passing H.R. 831 would in effect repeal the FCC's Tax Certificate Program that the FCC administers under I.R.C. section 1071. The Tax Certificate Program was implemented to allow sellers of broadcast or cable facilities to defer capital gains taxes on the sales of broadcast or cable facilities. Because this is only a deferral of tax and not a waiver or elimination of it, ultimately, all parties involved will pay capital gains tax on the profits.

The mischaracterization of this program as one which is a tax exemption is incorrect.

I.R.C. section 1071 was enacted to effectuate the FCC's policies and goals relating to: First, promoting a diversity in obtaining broadcast licenses, second, preventing possible monopoly ownership of broadcast facilities, and third, stimulating reinvestment in the broadcasting business.

Despite the efforts of the FCC to achieve diversity, the results have been less than impressive. Specifically, when the FCC implemented the provision relating to minority ownership, minorities owned less than 1 percent of all broadcast licenses. Since the adoption of the Tax Certificate Program, approximately 300 tax certificates have been awarded by the FCC for broadcast licenses and cable sales in the 17-year history of the program. During the same period, however, there have been approximately 15,000 broadcast license transactions. These figures demonstrate that although the program has led to an increase in minority ownership, the increase only represents approximately 3 percent of ownership since the enactment of the Tax Certificate Program. Clearly, more must be done to provide an opportunity for minorities to fully participate in the ownership of broadcast licenses, thereby providing programming diversity. More importantly, the number of licenses issued to minority-owned business would likely be far less without the Tax Certificate Program.

Mr. Chairman, there has been no reliable documentation demonstrating that the repeal of the Tax certificate Program will result in any additional tax revenue in the future. It is far more likely that sellers will find alternative methods to structure broadcast license sales that minimize the tax impact of the transaction. Additionally, cancellation of the program will eliminate a vital means for minorities to acquire ownership of broadcasting licenses, thereby reducing the FCC's goals of providing programming diversity.

To ensure achievement of these goals and policies of the FCC, the FCC should be allowed to reform the current tax certificate program to provide implementation as provided in the Gibbons—McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. COLLINS], a valued new member of the committee.

Mr. COLLINS. of Georgia. Mr. Chairman, I thank the gentleman, the chairman of the Committee on Ways and Means, for yielding me this time.

Mr. Chairman, I rise in support of H.R. 831, and I commend the chairman and the members of the Committee on Ways and Means for brining this measure to the floor of the House. It is an important issue, that of restoring and making permanent the deduction for the self-employed, those who purchase health care insurance for them and their families.

I am pleased, too, to hear the chairman say that later on this year we are going to address the issue again, and we are going to increase that deductibility from 25 percent upward to hopefully 80 or 100 percent.

Also I support repealing the authority of the FCC to grant special tax favors to those who sell communications assets. I regret there are those in this body who want to lead others to believe that this is going to prevent the sale of any asset or any communications system. There is no provision in H.R. 831 that will prevent the sale to anyone.

H.R. 831 will, though, require anyone who does sell such assets to pay taxes on the gain of that sale, just the same as any other working American pays taxes on the profits that they earn or the income that they earn or any business, who sells an asset and has a gain.

Mr. Chairman, I urge the support of the passage of 831, and I urge opposition to any substitute or any motion to recommit.

Mr. GIBBONS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as I said earlier in the debate, we are cleaning up some messes that began way back in World War II. They need to be corrected. I am sorry we did not get to them sooner. Some of them just became apparent recently.

In the McDermott-Gibbons substitute, and I have designated the gentleman from Washington [Mr. MCDERMOTT] to handle that time and that proposal under the rule, we will make some substantial and some equitable changes in the broadcast licenses provision and also in the health care provision. The McDermott-Gibbons substitute takes the licensing provision and makes it a true minority participation device and not the kind of device that now exists. It is an improvement on the spirit of the provision as it was inculcated in the law way back in the 1940's.

Also, the Gibbons-McDermott, or McDermott-Gibbons, substitute provides for a more equitable distribution of the health care benefits that we are passing out here. As I pointed out in general debate, this is largely a leftover event from World War II where the whole idea of fringe benefits and the exclusion of health care insurance benefits from taxation all came about in a World War II accident that occurred here on the floor.

□ 1940

So, cleaning up those matters—and they ought to be done—and then Mr. STARK will come in with a motion to recommit that helps us by extending the COBRA benefits indefinitely to people who want to pay, out of their own pocket, the health insurance they had when they were an employee.

So those are the kinds of things we are advocating here.

Mr. Chairman, I yield the remaining time to the gentleman from South Carolina [Mr. CLYBURN].

The CHAIRMAN. The gentleman from South Carolina [Mr. CLYBURN] is recognized for 30 seconds.

Mr. CLYBURN. I thank the gentleman for yielding time to me.

Mr. Chairman, I wish to support the alternative to what is being proposed. As Members know, all of us agree that there ought to be a way to pay for the 25-percent deduction of health insurance. This issue is not about that at all. I think that we know, from those of us who have been dealing with health insurance and its reform, that this is something we support.

Mr. Chairman, I rise in opposition to this legislation. Let me first make this clear, I strongly support a 25-percent deduction for health insurance costs for self-employed individuals. This deduction has long been allowed and should continue. However, the financing for the permanent extension should not come from the repeal of the minority tax certificate program administered by the Federal Communications Commission.

Since 1978, the FCC has developed its program of tax certificates, under Internal Revenue Code section 1071, which encourages minority ownership of telecommunications properties. The program has led to a five-fold increase in minority ownership of radio and television broadcast stations, and to an increase in minority ownership of cable systems, as well.

This program, which allows a seller of a telecommunications property to defer gain on an FCC-approved sale to a minority interest, has enjoyed bipartisan support. In 1982, a Reagan administration-controlled FCC both extended the policy to cable systems and expanded the program to include investors who contribute to the stabilization of a capital base of a minority enterprise. Every year, from 1987 to 1994, Congress has repeatedly supported this program in annual appropriations legislation. Through a legislative rider, Congress has, among other edicts, prohibited the FCC to retroactively apply changes to this program. The current rider expires at the end of the 1995 fiscal year.

While the FCC is currently forbidden by law to retroactively affect the tax certificate program, this legislation is now asking Congress to do just that: Repeal the minority tax certificate program retroactively to January 17, 1995, which we all know is targeted at a deal between the Viacom company and an African-American businessman. This request comes after lightning-quick and less than adequate consideration of this program by the Committee on Ways and Means. On February 8, 1995, the full committee, acting solely on the one hearing on the issue, reported H.R. 831 without amendment.

Tax certificates make it possible for minorities to gain access to two vital ingredients needed to achieve ownership: information available about broadcast properties and access to capital. Tax certificates encourage brokers to seek out minorities as prospective buyers of broadcast properties. Without the program, minorities are less likely to be informed of prospective sales.

The importance of the tax certificate program to all participants in the telecommunications field, the inadequate consideration by the Committee on Ways and Means, the bill's retroactive effect raise serious questions about the direction this body is going in, with respect to affirmative action.

Mr. Chairman, I urge my colleagues to vote against this legislation.

Mr. ARCHER. Mr. Chairman, to close debate, I yield the balance of our time to the gentleman from California [Mr. THOMAS], chairman of the Subcommittee on Health, who has done such an outstanding job already in this Congress.

Mr. THOMAS. Mr. Chairman, I thank the chairman of the committee for yielding this time to me.

Mr. Chairman, I have to say to my colleagues over on this side of the aisle in the minority that this is not your only opportunity to solve the health care problem. I know some of you may be anxious. We waited the entire 103d Congress for a health care measure to reach the floor. We waited in vain. Here we have an opportunity to deal with health care in the first month or so, and you may be thinking this is the only train. To that I say no; you will get ample opportunity to make changes to solve our health care problems in subcommittee, in committee, and, yes on the floor.

I think this underscores the fact that we are under new management. I want to make three points about being under new management.

First, the Democrats, in 1986, gave the self-employed a token 25 percent deduction for health care. And kept them on a hot skillet dancing ever since.

In 1994, the self-employed deduction expired. And now, as tax time comes, the self-employed are wondering whether or not they are going to be made whole since the provision expired in 1993. The answer is "yes."

In subcommittee we heard ample testimony that this is absolutely needed.

Is it enough? Of course not. But all we are trying to do in this measure is extend current law and cover those people who, through no fault of their own, were left exposed last year. That is all we are doing. A modest measure.

We are not trying to rethink the inequities of the tax code for all people,

including those individuals who work for a corporation who are not provided their health insurance by that corporation.

The self-employed are second-class citizens, the McDermott amendment wants to make those individuals who work for corporations who do not provide health care third-class citizens. They do not even get the self-employed level of deduction up front. So, clearly, you have concerns, Gee, I wish your concerns had been made more apparent in the last Congress; we could have moved legislation in this area.

The second point I want to make is the rules under which we are examining this legislation. Not only was the minority afforded a substitute of their choice, but; my colleagues on the Democratic side have said we want this and this and this. You had an opportunity to put your package together. You did that.

Not only that, the majority provided the motion to recommit. So you get two bites of the apple. That is something that we on this side of the aisle in the minority of the past would like to have had but often times were denied. We are not denying that to you. Clearly, there has been a change.

In committee, you had in front of you the legislative language that is in front of you now, and you had it ahead of time. That rarely occurred under the old management. The complaint that you only had the legislative language a day or two ahead of time pales when we used to deal with conceptual approaches announced the day of the hearing.

Third, what November was really all about.

The election in November was about change, not just doing the positive things legislatively as we are doing now and will do more of, but it was also to examine laws on the books that do not make any sense and get rid of them. And that is exactly what we are doing here tonight.

You have heard this provision, which is funding health care for the self-employed, characterized a number of different ways.

I think you need to know that, one, we are talking about turning what is now a tax break for millionaires, not minorities, the people who have the companies get the tax break, not the people who are buying them; and we are turning those tax breaks into health care for ordinary citizens.

When you look at all of those self-employed, you are talking about millions of Americans but, more importantly, you are talking about a provision that on average provided benefits for 14 millionaires every year and converting that to 350,000 African-Americans and Hispanic-American business owners getting provided some health insurance. That, it seems to me, is what November was all about, take a tax break for the rich and provide benefits for the many. That is what November was all about. That is what H.R. 831 is all about.

Support H.R. 831.

Mrs. LINCOLN. Mr. Chairman, as the author of my own bill to extend a tax deduction to the self-employed for health insurance, I rise today in support of the efforts of the House to restore and permanently extend the tax deduction for 25 percent of health insurance costs for self-employed individuals. However, it is my opinion that we should go even further by providing a 100-percent tax deduction.

During this Congress, I introduced the Health Insurance Equity Act of 1995, which would have given this 100 percent deduction to our self-employed. I believe that the small businessmen and farmers who are the economic backbone of my district, and rural America in general, should enjoy this same privilege that corporate America currently enjoys.

However, if we are to provide relief to our self-employed workers who are paying high prices for health insurance, we must support the legislation that is presented before us tonight. In addition, we have an opportunity to vote to extend the 25 percent tax deduction for health insurance premiums to employees whose employers do not subsidize their health insurance. If our goal is to help people help themselves, then I see no reason why we should not support this provision.

Mr. Chairman, it is time to face the facts about purchasing health coverage today. Many of the 37 million uninsured are small business owners. Health care costs averaged $3,160 per person in 1992, with current increases projected to run in double digits through the end of the century. Prescription drug costs in many cases have risen more than 60 percent since 1985. My constituents are asking for relief.

It is imperative that we enact this piece of legislation today to show our constituents that we understand the problems they are facing. Therefore, I urge my colleagues to support congressional efforts to provide much-needed relief by helping to make health insurance more affordable for the hard-working citizens of our country.

Mr. ORTON. Mr. Chairman, I rise in strong support of H.R. 831, legislation to restore and make permanent the 25-percent deduction for health insurance costs for the self-employed.

In fact, I have cosponsored and supported similar legislation since first being elected to Congress. I cosponsored H.R. 784 in the 102d Congress and H.R. 162 in the last Congress. Both bills would have made this deduction permanent and expanded it to 100 percent over time.

Mr. Chairman, this is a simple matter of fairness. When Chapter C corporations provide health insurance benefits for their officers and other employees, they enjoy full tax deductibility. However, if individuals take the initiative and start their own business, we deny them the right to deduct health insurance premiums.

Prior to the end of 1993, we did allow a 25-percent deduction for health benefits. However, due to congressional infighting and the need to comply with PAYGO requirements, this meager 25-percent deduction expired. Last summer proposals to reinstate and expand this to 100-percent deductibility were incorporated into comprehensive health care reform proposals. When health care reform died, so did chances for reinstatement of this provision.

We need to do two things. First, we need to pass H.R. 831 and get it enacted into law quickly. The odds are overwhelming that we will pass this eventually. Let's do it quickly to avoid the burden of taxpayers having to file first without the deduction, then refile at a later date, claiming a refund.

Second, we should move to enact 100-percent deductibility in the very near future. There is no policy justification for a mere 25-percent provision. That has come about from our inexcusable failure to resolve this issue on a permanent basis. As we consider a wide range of tax proposals this spring, I hope we will make enactment of a 100-percent health care deduction for the self-employed a high priority.

Mrs. KELLY. Mr. Chairman, I rise in strong support of H.R. 831, which will take the long-overdue step of permanently extending the 25 percent deduction for health insurance costs for the self-employed.

Small business is the country's most important motivator for innovation, job creation and economic growth. Creating a successful small business takes guts, determination, and hard work, but it represents the very best of the American dream.

I know this firsthand, Mr. Chairman. Both myself and my husband are small business owners. We both have experienced the satisfaction of creating successful small businesses, creating new jobs, and contributing to our community.

However, we have also felt the onerous tax and regulatory burdens that stand in the way of successful small businesses today. Self-employed small business owners face a number of very unique problems, and the disparity in the tax treatment of health insurance costs represents one of the more troublesome of these.

I believe tonight's vote is a referendum on tax fairness. Our Tax Code currently provides large corporations with a 100 percent deduction for health care insurance premiums. Unless we act and pass this legislation, however, self-employed entrepreneurs will be forced to shoulder the full cost of their insurance premiums.

Making permanent the 25-percent deduction will take a small but needed step toward restoring a degree of equity in the manner in which we treat small business in this country.

Let's support our small businesses, Mr. Chairman, by passing H.R. 831. And once we have accomplished this goal, I believe we should take the next logical step and raise the deductibility for the self-employed to 100 percent.

Mr. STOKES. Mr. Chairman, I rise in strong opposition to H.R. 831. I must first make it clear that I have consistently supported the extension of a health insurance deduction for self-employed individuals, but I cannot support the unacceptable way this bill seeks to pay for such a deduction. This legislation represents the majority's first direct attempt to attack affirmative action. If is cynical and repugnant to me that this bill seeks to—under the guise of

helping Americans—attack an equal opportunity for all Americans. This flawed and hurried legislation should not only be defeated because it fails to consider the consequences of the bill, but represents a clear attack on equal opportunity for minorities in America.

The bill before us will not only attempt to undo an important civil rights accomplishment of the U.S. Congress, but also seeks to undermine the spirit of legislation intended to promote freedom of speech and economic opportunities for minorities.

The stated purposes of H.R. 831 is to extend health insurance benefits. This bill would retroactively eliminate section 1071 of the Internal Revenue Code, that authorizes the Federal Communications Commission to provide certificates to sellers of broadcast properties to minorities. These certificates allow the seller to defer taxation on the gain from the sale, and encourage minority participation in broadcasting. Section 1071 creates a preference that is designed to achieve a remedial and legitimate public policy goal.

While I agree that Congress should make health care available to all Americans, the despicable attempt to play self-employed workers in need of health insurance against minorities in need of business opportunities is reprehensible. This tactic represents the worst in politics and I am ashamed that such a racially divisive measure has even been proposed. This legislation goes well beyond its legitimate objective of providing health care. In fact, this bill is specifically designed to inhibit the will and conscience of the American people by eliminating financial incentives for a program the current majority has long sought to weaken, if not totally eliminate: Affirmative action.

A measure of this kind requires detailed analysis of the impact it may have on the American people, but no such review has or will take place. The facts show that this bill is now before us without the requisite hearings, subcommittee oversight or even sufficient time to review the bill itself.

Adding to the cynical approach employed by this legislation, I am sad to see that this law is retroactive and has been engineered to take the unprecedented step of eliminating a particular transaction. This kind of legislation against individuals establishes a dangerous precedent.

As a representative of the urban district of Cleveland, OH, I have witnessed the severity of the racial and economic problems this Nation and its inner cities now face. The need for diversity in the media is clear. Ending monopoly ownership by a single community of the primary means for informing, educating and entertaining Americans is essential in a free society that seeks the free and diverse expression of ideas. Prior to the implementation of section 1071, the FCC unsuccessfully attempted to diversify broadcast ownership. It has only been with the implementation of section 1071 that many minorities who grew up in segregated America have had a real chance to participate in broadcasting.

All Americans loose with the legislation because the elimination of opportunities to make broadcasting look more like America perpetuates the stereotypes, racist attitudes, and misunderstandings that always accompany ignorance. In today's global economy we must overcome such ignorance in favor of a more open and inclusive broadcast system.

Perhaps the most negative impact of this proposed legislation will be on congressional efforts to end discrimination and exclusion through affirmative action. Within the last two decades, affirmative action has been the primary tool that has allowed minority and women workers to break through the many barriers of discrimination that have helped to keep them unemployed, underpaid, and in a place where there is little or no opportunity for advancement.

Despite the steps our Nation has taken to move forward in the area of affirmative action, this legislation represents a new onslaught on civil rights. Congressional opponents of affirmative action should realize that equal opportunity does not belong specifically to one race of people. Black Americans born in this country also have a contract with America. That contract, by virtue of birth, is rooted in both the Constitution and the Declaration of Independence. When it comes to opportunity in this country they have every right to believe in the doctrine, "We hold these truths to be self evident, that all men are created equal."

Mr. Speaker, the truth of affirmative action programs is that they do not grant preferential treatment to selected Americans, but provide for a means of equal opportunity employment for members of our society whose voices have been choked off by the destructive and brutal oppression of racism and exclusion.

It is my belief that H.R. 831 and the circumstances under which it is presented in this House attempt to mislead and American people to believe that cookie cutter, simplistic solutions will cure what ails this Nation. Nothing could be further from the truth. As our Nation faces and epidemic discrimination and poverty, the solution to these problems will not be found in quick fixes like this bill. The American people elected us to act in their best interest, not compromise their welfare because government refuses to have the courage to meet its obligation to maintain equal opportunity for the citizens who need it the most. I urge my colleagues to vote against this bill.

Mrs. MEEK of Florida. Mr. Chairman, the bill on the floor today, H.R. 831, is a thinly-veiled effort to muzzle the voices of minorities in this country.

For the past two decades, under Democratic and Republican administrations, the policy of the United States has been to provide tax benefits to encourage and promote the sale of radio, television, and cable companies to minority-owned firms.

The present leadership of the House talks a lot about empowerment, but it is obvious from this bill that empowerment does not extend to minorities who want to break into the broadcast industry—an industry which has extraordinary barriers to entry. Minorities are still vastly underrepresented in the broadcast business. More than 97 percent of all broadcast licenses are held by white men. The number of licenses issued to minority-controlled businesses would be even less without this program.

The goal of the tax provision that H.R. 831 would repeal is to allow African-Americans, Hispanic-Americans, Asian-Americans and other minorities the opportunity to break into the relatively closed society of broadcast entrepreneurs and to promote the diversity of broadcast viewpoints. There is a great national need for American minority communities to have the media outlets and the opportunity to express themselves.

However, under the guise of providing help to self-employed people by allowing them to deduct from their taxes part of their expenses for health insurance, H.R. 831 would wipe out the minority ownership incentives in the tax law—incentives that have led to a five-fold increase in minority ownership of radio and television broadcast stations, and to an increase in minority ownership of cable systems as well.

Mr. Chairman, I strongly favor legislative changes to tighten up the administration of this tax incentive program to make ironclad certain that minority Americans demonstrate real equity ownership in the media properties they buy. Diversity is important, and I want to insure that real gains are made by minorities in the broadcast industry.

But repeal is not reform. It is merely a muzzle on voices straining against great odds to be heard.

Mr. FOGLIETTA. Mr. Chairman, I rise today against this legislation which seeks to dismantle the minority preference program run by the FCC.

We all know that the best way to get people out of poverty's reach is to provide them with jobs and opportunity. However, my Republican colleagues want to pay for one valid tax provision by repealing another which assists in empowering so many minority entrepreneurs across the country. This is dead wrong.

I know that this small sector of the economy is especially successful for minorities, because my hometown of Philadelphia is home to a number of African-American-owned radio, television, and cable networks. They empower people through employment. As we are closing down so many roads to opportunity, I want to see this avenue remain open. The Gibbons-McDermott substitute will make it work better.

Maybe my Republican colleagues have tuned in and they don't like what they're hearing—broad opposition to the Contract With America.

I urge my colleagues not to turn down the volume on these minority voices. Vote against H.R. 831.

Mr. EMERSON. Mr. Chairman, I rise today in strong support of H.R. 831. In the 103d Congress I cosponsored legislation to make this deduction permanent, thus eliminating the need for yearly self-renewal. Unfortunately, this legislation fell victim to end-of-the-session wrangling. This deduction is very important to residents of the Eighth District of Missouri. Ideally, I would like to see this deduction increased to 100 percent, the amount currently enjoyed by most large corporations. It is my hope that we can increase the deduction to this amount in the future.

The House Small Business Committee estimates that the 25-percent tax deduction enabled as many as 400,000 Americans to obtain health care coverage which otherwise was out of their economic reach. Most small business owners, including farmers and ranchers, need coverage as much as folks who work in

Fortune 500 firms, but oftentimes are without the on-hand economic resources to pay for preventive care—let alone the costs should an illness occur.

Over the last 2 years, we have learned what Americans want and don't want when it comes to health care reform. Providing access to coverage through our tax code seems to be an easily accomplished option and one that should cross party lines. It is a bit of an insurance policy to help small businesses bolster our Nation's economic engine and provide jobs for more Americans, while looking after some vital health care interests at the same time. I urge passage of this important legislation.

Mrs. VUCANOVICH. Mr. Chairman, I rise in support of H.R. 831, to reinstate and make permanent the 25-percent tax deduction for health insurance to self-employed individuals.

For too long, a disparity has been in existence in our tax system. Our system has given a preference to employees of large corporations, harming the self-employed individuals in the process. Small businessowners, farmers, ranchers, have had to come to Congress time and time again to ask that a tax deduction be granted and extended to them. Unfortunately, the 103d, Congress dropped the ball, allowing this important deduction to expire in 1993. Promises were made that the deduction would be reinstated, but intertwined in the debacle of national health care reform—no action was taken.

Well, its been over a year since then and the new team is taking possession of the ball and going all the way with a slam dunk with this legislation. It is time we give tax fairness to our self-employed and H.R. 831 is the right vehicle to do just that. I give my support to this measure and I encourage my colleagues to back their constituents by supporting the measure too.

Mr. BUYER. Mr. Chairman, H.R. 831, a bill to allow permanent deductibility of health insurance costs for the self-employed is long overdue and I enthusiastically support it. The old saying, "It may be late but it's not too late," is so true in this case.

I applaud my colleague from Texas, Mr. BILL ARCHER, for recognizing the huge injustice that would fall upon many self-employed if this legislation would not pass. It is my belief that the Tax Code should be fair to all. Under current law, employees of a company that provides health benefits are allowed to exclude those benefits from their taxable incomes; the self-employed enjoy no such benefit.

To the estimated 3 million who would file for the 25-percent deduction, H.R. 831 prevents a tax increase many self-employed would most likely incur on this year's returns.

Mr. Chairman, restoring the deductibility for small businessowners, the self-employed, and family farmers is of great interest to residents of the Fifth District of Indiana. They are the backbone to the rural economy and should be provided the same benefits that the big corporations are permitted in major metropolitan areas. The Tax Code must not be discriminatory.

Furthermore, I support Mr. ARCHER'S scrutiny of our current tax law and the Ways and Means Committee's efforts to establish a system of law and public policies that are indifferent to race or gender.

Mr. Chairman, it is becoming more and more clear that section 1071 of the Internal Revenue Code has increasingly been abused. For example, of the minority-owned radio stations that received FCC tax certificates between 1979–92, only 29 percent of those stations were still controlled by the original minority purchaser at the end of 1992.

In many cases, such investors often turn around and sell their stake in the company for millions of dollars above their initial interest. Thus, by allowing a section 1071 in many of these cases, hundreds of millions of dollars—even billions of dollars—have been lost to the American taxpayer. Section 1071 has been abused for too long. It has become one of the most grotesque abuses of our tax system I have seen in all my years.

Let us close the loopholes, reform our Tax Code so it is race and gender blind, and allow our small businessmen, self-employed, and family farmers to receive the same benefits the giant corporations are privy to. In short, H.R. 831 is a beginning to make the Tax Code more friendly and fair.

Mr. KLECZKA. Mr. Chairman, I would like to express my support for H.R. 831, the health premium deduction for the self-employed. This bill would permanently extend the 25-percent health insurance deduction for the self-employed, and would do so retroactively so that these individuals may take advantage of it when they file their tax returns this Spring. My colleagues, self-employed individuals are waiting for us to act, and we owe it to them to pass this legislation expeditiously.

This much needed deduction has been extended, and extended, and extended again. It is time to provide some stability for the many small employers who rely on this assistance by extending it once and for all. If this deduction is good policy—and I believe it is—then let us give it the credibility it deserves and make it a stable part of our tax law.

Restoring the 25-percent deduction is a matter of simple fairness. Corporations can deduct 100 percent of the costs of providing insurance to their employees, but self-employed people, mostly small businesses and farmers, can no longer deduct even the meager 25 percent that they used to be able to deduct. The least we can do is restore this minimal assistance to them. While the 25-percent amount is not nearly what the large employer receives, it is an important first step toward leveling the playing field in a responsible manner.

Permanently restoring this deduction is also consistent with the goal of encouraging health insurance coverage for all Americans. According to the Small Business Administration, there are 2.6 million uninsured self-employed Americans—making that group one of the largest groups of uninsured citizens. Without the 25-percent deduction, the number of uninsured in this segment of the population would likely increase. Hopefully, by making the tax break permanent, we can encourage more of the self-employed to buy insurance.

Passing H.R. 831 is the fair thing to do. It is good for small business and will help encourage health care coverage. Moreover, the bill enjoys bipartisan support. Mr. Chairman, I urge that we adopt this provision.

Mr. YOUNG of Florida. Mr. Chairman, I rise in strong support of H.R. 831, and urge my colleagues to join with me in approving this important legislation.

As one who has previously cosponsored legislation that would extend the 25-percent personal income tax deduction for health insurance cost for individuals who are self-employed, I am pleased that the Ways and Means Committee and the House leadership have brought this bill forward in such an expedient manner. It is important that we move quickly in approving this legislation, which lapsed on December 31, 1993, because the American taxpayers deserve to know that they can count on this deduction as they prepare their taxes before the April 15 filing deadline.

Fairness dictates that we restore this deduction. We should not punish individuals based solely on the fact that they are self-employed. Fairness also dictates that this deduction be made permanent so that the taxpayers know year to year that they can count on this deduction. This Congress should be encouraging individuals to purchase health care insurance, and H.R. 831 will play a significant role in reaching this goal.

It is my hope that our colleagues in the other body will move expeditiously in approving this legislation, so that self-employed individuals in our Nation are able to prepare their tax returns before the April 15 filing deadline and know that they will not have to file amended returns, and also secure in the knowledge that this important deduction will not lapse again. I urge my colleagues to join with me in strong support of this legislation.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment printed in the bill is considered as adopted, and the bill, as amended, is considered as having been read.

The text of the bill, as amended, is as follows:

H.R. 831

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMANENT EXTENSION OF DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Subsection (1) of section 162 of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended by striking paragraph (6).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1993.

SEC. 2. REPEAL OF NONRECOGNITION ON FCC CERTIFIED SALES AND EXCHANGES.

(a) IN GENERAL.—Subchapter O of chapter 1 of the Internal Revenue Code of 1986 is amended by striking part V (relating to changes to effectuate FCC policy).

(b) CLERICAL AMENDMENT.—The table of parts for such subchapter O is amended by striking the item relating to part V.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to—

(A) sales and exchanges on or after January 17, 1995, and

(B) sales and exchanges before such date if the FCC tax certificate with respect to such sale or exchange is issued on or after such date.

(2) BINDING CONTRACTS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any sale or

exchange pursuant to a written contract which was binding on January 16, 1995, and at all times thereafter before the sale or exchange, if the FCC tax certificate with respect to such sale or exchange was applied for, or issued, on or before such date.

(B) SALES CONTINGENT ON ISSUANCE OF CERTIFICATE.—A contract shall be treated as not binding for purposes of subparagraph (A) if the sale or exchange pursuant to such contract, or the material terms of such contract, were contingent, at any time on January 16, 1995, on the issuance of an FCC tax certificate. The preceding sentence shall not apply if the FCC tax certificate for such sale or exchange is issued on or before January 16, 1995.

(3) FCC TAX CERTIFICATE.—For purposes of this subsection, the term "FCC tax certificate" means any certificate of the Federal Communications Commission for the effectuation of section 1071 of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act).

SEC. 3. NONRECOGNITION OF INVOLUNTARY CONVERSIONS NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.

(a) IN GENERAL.—Section 1033 of the Internal Revenue Code of 1986 (relating to involuntary conversions) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) NONRECOGNITION NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.—Subsection (a) shall not apply if the replacement property or stock acquired is acquired from a related person. For purposes of the preceding sentence, a person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to replacement property or stock acquired on or after February 6, 1995.

SEC. 4. PHASEOUT OF EARNED INCOME CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF TAXABLE INTEREST AND DIVIDENDS.

(a) IN GENERAL.—Section 32 of the Internal Revenue Code of 1986 is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

"(i) PHASEOUT OF CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF TAXABLE INTEREST AND DIVENDENDS.—If the aggregate amount of interest and dividends includible in the gross income of the taxpayer for the taxable year exceeds $2,500, the amount of the credit which would (but for this subsection) be allowed under this section for such taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to such amount of credit as such excess bears to $650."

(b) INFLATION ADJUSTMENT.—Subsection (j) of section 32 of such Code (relating to inflation adjustments), as redesignated by subsection (a), is amended by striking paragraph (2) and by inserting the following new paragraphs:

"(2) INTEREST AND DIVIDEND INCOME LIMITATION.—In the case of a taxable year beginning in a calendar year after 1996, each dollar amount contained in subsection (i) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

"(3) ROUNDING.—If an amount as adjusted under paragraph (1) or (2) is not a multiple of $10 such dollar amount shall be rounded to the nearest multiple of $10."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

The CHAIRMAN. No further amendment is in order except the amendment in the nature of a substitute printed in House Report 104–38.

The amendment in the nature of a substitute may be offered only by the gentleman from Florida, Mr. GIBBONS, or his designee. It shall be considered as having been read and is not subject to amendment.

The debate on the amendment will be equally divided and controlled by the proponent and an opponent of the amendment in the nature of a substitute.

Mr. GIBBONS. Mr. Chairman, I rise to yield my time to the gentleman from Washington [Mr. McDERMOTT]. I endorse the amendment. I would like to give the gentleman from Washington credit for having worked this out. I yield my time and the ability to yield such time as he may deem necessary to the gentleman from Washington [Mr. McDERMOTT].

The CHAIRMAN. Does the gentleman from Florida [Mr. GIBBONS] designate the gentleman from Washington [Mr. McDERMOTT] as his designee?

Mr. GIBBONS. I do so designate the gentleman from Washington [Mr. McDERMOTT] as the Member to handle the amendment, and I yield to him at this time.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MCDERMOTT

Mr. McDERMOTT. Mr. Chairman, I offer the amendment in the nature of a substitute, printed in House Report 104–38.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The CLERK. The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. McDERMOTT.

Strike all after the enacting clause and insert the following:

TITLE I—PROVISIONS RELATING TO HEALTH CARE

SEC. 101. RETROACTIVE RESTORATION OF DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (6) of section 162(l) of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended by striking "December 31, 1993" and inserting "December 31, 1995".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1993.

SEC. 102. PERMANENT DEDUCTION FOR HEALTH INSURANCE COSTS OF EMPLOYEES AND SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions) is amended by redesignating section 220 as section 221 and by inserting after section 219 the following new section:

"SEC. 220. HEALTH INSURANCE COSTS.

"(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to 25 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.

"(b) LIMITATION BASED ON EARNED INCOME.—No deduction shall be allowed under subsection (a) to the extent that the amount of such deduction exceeds the sum of—

"(1) the taxpayer's wages, salaries, tips, and other employee compensation includible in gross income, plus

"(2) the taxpayer's earned income (as defined in section 401(c)(2)).

"(c) OTHER COVERAGE.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer.

"(d) PHASEIN OF DEDUCTION FOR EMPLOYEES.—In the case of taxable years beginning before January 1, 2000, to the extent that the amount paid for insurance referred to in subsection (a) is allocable to coverage for a month for which the individual has no earned income (as defined in section 401(c)(2)), subsection (a) shall be applied with respect to such amount by substituting the percentage determined in accordance with the following table for '25 percent'.

"In the case of taxable years beginning in calendar year:	The percentage is:
1996	15 percent
1997	15 percent
1998	20 percent
1999	20 percent.

"(e) SPECIAL RULES.—

"(1) COORDINATION WITH MEDICAL DEDUCTION, ETC.—Any amount paid by a taxpayer for insurance to which subsection (a) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 213(a).

"(2) TREATMENT OF CERTAIN S CORPORATION SHAREHOLDERS.—This section shall apply in the case of any individual treated as a partner under section 1372(a), except that—

"(A) for purposes of this section, such individual's wages (as defined in section 3121) from the S corporation shall be treated as such individual's earned income (within the meaning of section 401(c)(1)), and

"(B) there shall be such adjustments in the application of this section as the Secretary may by regulations prescribe.

"(3) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX PURPOSES.—The deduction allowable by reason of this section shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2."

(b) CONFORMING AMENDMENTS.—

(1) Subsection (l) of section 162 of such Code is hereby repealed.

(2) Subsection (a) of section 62 of such Code is amended by inserting after paragraph (15) the following new item:

"(16) HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The deduction allowed by section 220 but only to the extent that the amount of the deduction does not exceed the taxpayer's earned income (as defined in section 401(c)(2)) for the taxable year."

(3) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following new items:

"Sec. 220. Health insurance costs.

"Sec. 221. Cross reference."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

TITLE II—MODIFICATION OF RULES FOR NONRECOGNITION OF GAIN UNDER F.C.C. TAX CERTIFICATE PROGRAM AND FOR INVOLUNTARY CONVERSIONS

SEC. 201. LIMITATIONS ON NONRECOGNITION OF GAIN UNDER F.C.C. TAX CERTIFICATE PROGRAM.

(a) IN GENERAL.—Section 1071 of the Internal Revenue Code of 1986 (relating to gain from sale or exchange to effectuate policies of F.C.C.) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) LIMITATIONS.—

"(1) IN GENERAL.—Subsection (a) shall apply only if the sale or exchange is a qualified telecommunications transaction.

"(2) LIMITATION ON AMOUNT OF NONRECOGNITION.—The amount of gain which is not recognized under subsection (a) with respect to a qualified telecommunications transaction (or a series of related transactions) shall not exceed $50,000,000.

"(3) QUALIFIED TELECOMMUNICATIONS TRANSACTION.—For purposes of this subsection, the term 'qualified telecommunications transaction' means any sale or exchange of property if—

"(A) the Commission certifies that the sale or exchange is in furtherance of the Commission's Minority Ownership Policy, and

"(B)(i) such property is owned by an eligible person at all times during the 3-year period beginning on the date of such sale or exchange, or

"(ii) if the property sold or exchanged was acquired by the taxpayer by reason of a qualified contribution to the capital of an eligible corporation or an eligible partnership, such corporation or partnership was an eligible person at all times during the 3-year period beginning on the date of such contribution.

"(4) ELIGIBLE PERSON.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'eligible person' means—

"(i) any eligible individual,

"(ii) any eligible corporation, and

"(iii) any eligible partnership.

"(B) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means any individual if an FCC tax certificate could have been issued under the Commission's Minority Ownership Policy for any sale or exchange of property to such individual.

"(C) ELIGIBLE CORPORATION.—The term 'eligible corporation' means any corporation in which eligible individuals directly or indirectly own—

"(i) stock possessing more than 50 percent of the total voting power of the stock of such corporation, and

"(ii) stock having a value equal to more than 20 percent of the total value of the stock of such corporation.

"(D) ELIGIBLE PARTNERSHIP.—The term 'eligible partnership' means any partnership in which eligible individuals directly or indirectly—

"(i) have actual control of the partnership, and

"(ii) own partnership interests having a value equal to more than 20 percent of the total value of the partnership interests of such partnership.

"(5) TREATMENT OF BUY-SELL ARRANGEMENTS, ETC.—For purposes of paragraphs (3) and (4)—

"(A) IN GENERAL.—Property held by an eligible person shall be treated as held by an ineligible person if—

"(i) an ineligible person has an option or other right to acquire such property, or

"(ii) the eligible person has an option or other right to require an ineligible person to acquire such property.

"(B) TREATMENT OF WARRANTS, ETC.—If an ineligible person holds a warrant, convertible security, or similar instrument issued by any entity, such person shall be treated as holding the interest in the entity which such person could have acquired on the exercise of his rights under the instrument.

"(C) INELIGIBLE PERSON.—For purposes of this paragraph, the term 'ineligible person' means any person who is not an eligible person.

"(6) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) FCC TAX CERTIFICATE.—The term 'FCC tax certificate' means any certificate of the Commission for the effectuation of this section for purposes of carrying out the Commission's Minority Ownership Policy.

"(B) MINORITY OWNERSHIP POLICY.—The term 'Minority Ownership Policy' means the Commission's policy, as in effect on January 16, 1995, to encourage ownership of telecommunications facilities and licenses by women and members of minority groups.

"(C) QUALIFIED CONTRIBUTION TO CAPITAL.—The term 'qualified contribution to capital' means any contribution to the capital of an eligible corporation or an eligible partnership pursuant to the contribution to capital provisions of the Commission's Minority Ownership Policy.

"(D) COMMISSION.—The term 'Commission' means the Federal Communications Commission.

"(7) EXTENSION OF STATUTE OF LIMITATION.—

"(A) DEFICIENCIES.—The statutory period for the assessment of any deficiency attributable to any failure to meet the requirements of paragraph (3)(B) shall not expire before the close of the 3-year period beginning on the date that the taxpayer certifies to the Secretary that such requirements have been met, and such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any law or rule of law which would otherwise prevent such assessment.

"(B) OVERPAYMENTS.—A refund or credit of any overpayment of tax attributable to any failure to meet the requirements of paragraph (3)(B) may be allowed or made (notwithstanding the operation of any law or rule of law (including res judicata)) if claim therefor is filed before the close of the 3-year period referred to in subparagraph (A).

"(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this subsection, including regulations aggregating transactions for purposes of paragraph (2)."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to—

(A) sales and exchanges on or after January 17, 1995, and

(B) sales and exchanges before such date if the FCC tax certificate with respect to such sale or exchange is issued on or after such date.

(2) BINDING CONTRACTS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any sale or exchange pursuant to a written contract which was binding on January 16, 1995, and at all times thereafter before the sale or exchange, if the FCC tax certificate with respect to such sale or exchange was applied for, or issued, on or before such date.

(B) SALES CONTINGENT ON ISSUANCE OF CERTIFICATE.—A contract shall be treated as not binding for purposes of subparagraph (A) if the sale or exchange pursuant to such contract, or the material terms of such contract, were contingent, at any time on January 16, 1995, on the issuance of an FCC tax certificate. The preceding sentence shall not apply if the FCC tax certificate for such sale or exchange is issued on or before January 16, 1995.

(3) FCC TAX CERTIFICATE.—For purposes of this subsection, the term "FCC tax certificate" has the meaning given to such term by section 1071(b) of the Internal Revenue Code of 1986, as amended by this section.

SEC. 202. NONRECOGNITION ON INVOLUNTARY CONVERSIONS NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.

(a) IN GENERAL.—Section 1033 of the Internal Revenue Code of 1986 (relating to involuntary conversions) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) NONRECOGNITION NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.—Subsection (a) shall not apply if the replacement property or stock acquired is acquired from a related person. For purposes of the preceding sentence, a person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to replacement property or stock acquired on or after February 6, 1995.

TITLE III—REVENUE INCREASES

Subtitle A—Denial of Earned Income Credit for Individuals Having More Than $2,500 of Investment Income

SEC. 301. DENIAL OF EARNED INCOME CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF INVESTMENT INCOME.

(a) IN GENERAL.—Section 32 of the Internal Revenue Code of 1986 is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

"(i) DENIAL OF CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF INVESTMENT INCOME.—

"(1) IN GENERAL.—No credit shall be allowed under subsection (a) for the taxable year if the aggregate amount of disqualified income of the taxpayer for such taxable year exceeds $2,500.

"(2) DISQUALIFIED INCOME.—For purposes of paragraph (1), the term 'disqualified income' means—

"(A) interest, dividends, rents, and royalties to the extent includible in gross income for the taxable year, and

"(B) interest which is received or accrued during the taxable year and which is exempt from tax."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

Subtitle B—Provisions Relating to International Taxation

SEC. 311. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

"SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

"(a) GENERAL RULES.—For purposes of this subtitle—

"(1) CITIZENS.—If any United States citizen relinquishes his citizenship during a taxable year, all property held by such citizen at the time immediately before such relinquishment shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for such taxable year.

"(2) CERTAIN RESIDENTS.—If any long-term resident of the United States ceases to be subject to tax as a resident of the United States for any portion of any taxable year, all property held by such resident at the time of such cessation shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for the taxable year which includes the date of such cessation.

"(b) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this subsection) be includible in the gross income of any taxpayer by reason of subsection (a) shall be reduced (but not below zero) by $600,000.

"(c) PROPERTY TREATED AS HELD.—For purposes of this section, except as otherwise provided by the Secretary, an individual shall be treated as holding—

"(1) all property which would be includible in his gross estate under chapter 11 were such individual to die at the time the property is treated as sold,

"(2) any other interest in a trust which the individual is treated as holding under the rules of section 679(e) (determined by treating such section as applying to foreign and domestic trusts), and

"(3) any other interest in property specified by the Secretary as necessary or appropriate to carry out the purposes of this section.

"(d) EXCEPTIONS.—The following property shall not be treated as sold for purposes of this section:

"(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the date the individual relinquishes his citizenship or ceases to be subject to tax as a resident, meet the requirements of section 897(c)(2).

"(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

"(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(d)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

"(B) FOREIGN PENSION PLANS.—

"(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

"(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

"(e) DEFINITIONS.—For purposes of this section—

"(1) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the date the United States Department of State issues to the individual a certificate of loss of nationality or on the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

"(2) LONG-TERM RESIDENT.—

"(A) IN GENERAL.—The term 'long-term resident' means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States and, as a result of such status, has been subject to tax as a resident in at least 10 taxable years during the period of 15 taxable years ending with the taxable year during which the sale under subsection (a) is treated as occurring.

"(B) SPECIAL RULE.—For purposes of subparagraph (A), there shall not be taken into account—

"(i) any taxable year during which any prior sale is treated under subsection (a) as occurring, or

"(ii) any taxable year prior to the taxable year referred to in clause (i).

"(f) TERMINATION OF DEFERRALS, ETC.—On the date any property held by an individual is treated as sold under subsection (a)—

"(1) any period deferring recognition of income or gain shall terminate, and

"(2) any extension of time for payment of tax shall cease to apply and the unpaid portion of such tax shall be due and payable.

"(g) ELECTION BY EXPATRIATING RESIDENTS.—Solely for purposes of determining gain under subsection (a)—

"(1) IN GENERAL.—At the election of a resident not a citizen of the United States, property—

"(A) which was held by such resident on tne date the individual first became a resident of the United States during the period of long-term residency to which the treatment under subsection (a) relates, and

"(B) which is treated as sold under subsection (a),

shall be treated as having a basis on such date of not less than the fair market value of such property on such date.

"(2) ELECTION.—Such an election shall apply to all property described in paragraph (1), and, once made, shall be irrevocable.

"(h) DEFERRAL OF TAX ON CLOSELY HELD BUSINESS INTERESTS.—The District Director may enter into an agreement with any individual which permits such individual to defer payment for not more than 5 years of any tax imposed by subsection (a) by reason of holding any interest in a closely held business (as defined in section 6166(b)) other than a United States real property interest described in subsection (d)(1).

"(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.

"(j) CROSS REFERENCE.—

"For termination of United States citizenship for tax purposes, see section 7701(a)(47)."

(b) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) of such Code is amended by adding at the end the following new paragraph:

"(47) TERMINATION OF UNITED STATES CITIZENSHIP.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(1)."

(c) CONFORMING AMENDMENTS.—

(1) Section 877 of such Code is amended by adding at the end the following new subsection:

"(f) TERMINATION.—This section shall not apply to any individual who is subject to the provisions of section 877A."

(2) Paragraph (10) of section 7701(b) of such Code is amended by adding at the end the following new sentence: "This paragraph shall not apply to any individual who is subject to the provisions of section 877A."

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 of such Code is amended by inserting after the item relating to section 877 the following new item:

"Sec. 877A. Tax responsibilities of expatriation."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) United States citizens who relinquish (within the meaning of section 877A(e)(1) of the Internal Revenue Code of 1986, as added by this section) United States citizenship on or after February 6, 1995, and

(2) long-term residents (as defined in such section) who cease to be subject to tax as residents of the United States on or after such date.

SEC. 312. IMPROVED INFORMATION REPORTING ON FOREIGN TRUSTS.

(a) IN GENERAL.—Section 6048 of the Internal Revenue Code of 1986 (relating to returns as to certain foreign trusts) is amended to read as follows:

"SEC. 6048. INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

"(a) NOTICE OF CERTAIN EVENTS.—

"(1) GENERAL RULE.—On or before the 90th day (or such later day as the Secretary may prescribe) after any reportable event, the responsible party shall—

"(A) notify each trustee of the trust of the requirements of subsection (b), and

"(B) provide written notice of such event to the Secretary in accordance with paragraph (2).

"(2) CONTENTS OF NOTICE.—The notice required by paragraph (1)(B) shall contain such information as the Secretary may prescribe, including—

"(A) the amount of money or other property (if any) transferred to the trust in connection with the reportable event,

"(B) the identity of the trust and of each trustee and beneficiary (or class of beneficiaries) of the trust, and

"(C) a statement that each trustee of the trust has been informed of the requirements of subsection (b).

"(3) REPORTABLE EVENT.—For purposes of this subsection, the term 'reportable event' means—

"(A) the creation of any foreign trust by a United States person,

"(B) the transfer of any money or property to a foreign trust by a United States person, including a transfer by reason of death,

"(C) a domestic trust becoming a foreign trust,

"(D) the death of a citizen or resident of the United States who is a grantor of a foreign trust, and

"(E) the residency starting date (within the meaning of section 7701(b)(2)(A)) of a grantor of a foreign trust subject to tax under section 679(a)(3).

Subparagraphs (A) and (B) shall not apply with respect to a trust described in section 404(a)(4) or 404A.

"(4) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' means—

"(A) the grantor in the case of a reportable event described in subparagraph (A) or (E) of paragraph (3),

"(B) the transferor in the case of a reportable event described in paragraph (3)(B) other than a transfer by reason of death,

"(C) the trustee of the domestic trust in the case of a reportable event described in paragraph (3)(C), and

"(D) the executor of the decedent's estate in the case of a transfer by reason of death.

"(b) TRUST REPORTING REQUIREMENTS.—If a foreign trust, at any time during a taxable year of such trust—

"(1) has a grantor who is a United States person and—

"(A) such grantor is treated as the owner of any portion of such trust under the rules of subpart E of part I of subchapter J of chapter 1, or

"(B) any portion of such trust would be included in the gross estate of such grantor if the grantor were to die at such time, or

"(2) directly or indirectly distributes, credits, or allocates money or property to any United States person (whether or not the trust has a grantor described in paragraph (1)),

then such trust shall meet the requirements of subsection (c) (relating to trust information and agent) and subsection (d) (relating to annual return).

"(c) CONTENTS OF SECTION 6048 STATEMENT.—

"(1) IN GENERAL.—The requirements of this subsection are met if the trust files with the Secretary a statement which contains such information as the Secretary may prescribe and which—

"(A) identifies a United States person who is the trust's limited agent to provide the Secretary with such information that reasonably should be available to the trust for purposes of applying sections 7602, 7603, and 7604 with respect to any request by the Secretary to examine trust records or produce testimony related to any transaction by the trust or with respect to any summons by the Secretary for such records or testimony, and

"(B) contains an agreement to comply with the requirements of subsection (d).

"(2) SPECIAL RULE.—A foreign trust which appoints an agent described in paragraph (1)(A) shall not be considered to have an office or a permanent establishment in the United States solely because of the activities of such agent pursuant to this section. For purposes of this section, the appearance of persons or production of records by reason of the creation of the agency shall not subject such persons or records to legal process for any purpose other than determining the correct treatment under this title of the activities and operations of the trust.

"(d) ANNUAL RETURNS AND STATEMENTS.—The requirements of this subsection are met if—

"(1) the trust makes a return for the taxable year which sets forth a full and complete accounting of all trust activities and operations for the taxable year, and contains such other information as the Secretary may prescribe; and

"(2) the trust furnishes such information as the Secretary may prescribe to each United States person—

"(A) who is treated as the owner of any portion of such trust under the rules of subpart E of part I of subchapter J of chapter 1,

"(B) to whom any item with respect to the taxable year is credited or allocated, or

"(C) who receives a distribution from such trust with respect to the taxable year.

"(e) TIME AND MANNER OF FILING INFORMATION.—Any notice, statement, or return required under this section shall be made at such time and in such manner as the Secretary shall prescribe.

"(f) MODIFICATION OF RETURN REQUIREMENTS.—Secretary is authorized to suspend or modify any requirement of this section if the Secretary determines that the United States has no significant tax interest in obtaining the required information."

(b) PENALTIES.—Section 6677 of such Code (relating to failure to file information returns with respect to certain foreign trusts) is amended to read as follows:

"SEC. 6677. FAILURE TO FILE INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

"(a) FAILURE TO REPORT CERTAIN EVENTS.—

"(1) IN GENERAL.—In the case of a reportable event described in any subparagraph of section 6048(a)(3) for which a responsible party does not file a written notice meeting the requirements of section 6048(a)(2) within the time specified in section 6048(a)(1), the responsible party shall pay a penalty of $10,000. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the responsible party, such party shall pay a penalty (in addition to the $10,000 amount) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period.

"(2) 35-PERCENT PENALTY.—In the case of a reportable event described in subparagraph (A), (B), or (C) of section 6048(a)(3) (other than a transfer by reason of death), the aggregate amount of the penalties under paragraph (1) shall not be less than an amount equal to 35 percent of the gross value of the property involved in such event (determined as of the date of the event).

"(3) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' has the meaning given to such term by section 6048(a)(4).

"(b) FAILURE TO MAKE CERTAIN STATEMENTS AND RETURNS.—

"(1) IN GENERAL.—In the case of any failure to meet the requirements of section 6048(b), the appropriate tax treatment of any trust transactions or operations shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise.

"(2) MONETARY PENALTY.—In the case of any failure to meet the requirements of section 6048(b) with respect to a trust described in such section by reason of paragraph (1) thereof, the grantor described in such paragraph (1) shall pay a penalty of $10,000 for each taxable year with respect to which the foreign trust fails to meet such requirements. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to such grantor, such grantor shall pay a penalty (in addition to any other penalty) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period.

"(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the requested documentation is not reasonable cause.

"(d) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section."

(c) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by striking the item relating to section 6048 and inserting the following new item:

"Sec. 6048. Information with respect to certain foreign trusts."

(2) The table of sections for part I of subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6677 and inserting the following new item:

"Sec. 6677. Failure to file information with respect to certain foreign trusts."

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply—

(A) to reportable events occurring on or after February 6, 1995, and

(B) to the extent such amendments require reporting for any taxable year under section 6048(b) of the Internal Revenue Code of 1986 (as added by this section), to taxable years beginning after the date of the enactment of this Act.

(2) NOTICES.—For purposes of section 6048(a) of such Code, the 90th day referred to therein shall in no event be treated as being earlier than the 90th day after the date of the enactment of this Act.

SEC. 313. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

(a) IN GENERAL.—Section 679 of the Internal Revenue Code of 1986 (relating to foreign trusts having one or more United States beneficiaries) is amended to read as follows:

"SEC. 679. FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

"(a) TRANSFEROR TREATED AS OWNER.—

"(1) IN GENERAL.—A United States person who directly or indirectly transfers property to a foreign trust (other than a trust described in section 404(a)(4) or section 404A) shall be treated as the owner for his taxable year of the portion of such trust attributable to such property if for such year there is a United States beneficiary of such trust.

"(2) EXCEPTION.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to any sale or exchange of property to a trust if—

"(i) the trust pays fair market value for such property, and

"(ii) all of the gain to the transferor is recognized at the time of transfer.

"(B) CERTAIN OBLIGATIONS NOT TAKEN INTO ACCOUNT.—For purposes of subparagraph (A), in determining whether the transferor received fair market value, there shall not be taken into account—

"(i) any obligation of—

"(I) the trust,

"(II) any grantor or beneficiary of the trust, or

"(III) any person who is related (within the meaning of section 643(i)(3)) to any grantor or beneficiary of the trust, and

"(ii) except as provided in regulations, any obligation which is guaranteed by a person described in clause (i).

"(C) TREATMENT OF DEEMED SALE ELECTION UNDER SECTION 1057.—For purposes of subparagraph (A), a transfer with respect to which an election under section 1057 is made shall not be treated as a sale or exchange.

"(3) SPECIAL RULES APPLICABLE TO FOREIGN GRANTOR WHO LATER BECOMES A UNITED STATES PERSON.—A nonresident alien individual who becomes a United States resident within 5 years after directly or indirectly transferring property to a foreign trust shall be treated for purposes of this section and section 6048 as having transferred such property, and any undistributed income (including all realized and unrealized gains) attributable thereto, to the foreign trust immediately after becoming a United States resident. For this purpose, a nonresident alien shall be treated as becoming a resident of the United States on the residency starting date (within the meaning of section 7701(b)(2)(A)).

"(b) BENEFICIARIES TREATED AS TRANSFERORS IN CERTAIN CASES.—For purposes of this section and section 6048, if—

"(1) a citizen or resident of the United States who is treated as the owner of any portion of a trust under subsection (a) dies,

"(2) property is transferred to a foreign trust by reason of the death of a citizen or resident of the United States, or

"(3) a domestic trust to which any United States person made a transfer becomes a foreign trust,

then, except as otherwise provided in regulations, the trust beneficiaries shall be treated as having transferred to such trust (as of the date of the applicable event under paragraph (1), (2), or (3)) their respective interests (as determined under subsection (e)) in the property involved.

"(c) TRUSTS ACQUIRING UNITED STATES BENEFICIARIES.—If—

"(1) subsection (a) applies to a trust for the transferor's taxable year, and

"(2) subsection (a) would have applied to the trust for the transferor's immediately preceding taxable year but for the fact that for such preceding taxable year there was no United States beneficiary for any portion of the trust,

then, for purposes of this subtitle, the transferor shall be treated as having received as an accumulation distribution taxable under subpart D an amount equal to the undistributed net income (as determined under section 665(a) as of the close of such immediately preceding taxable year) attributable to the portion of the trust referred to in subsection (a).

"(d) TRUSTS TREATED AS HAVING A UNITED STATES BENEFICIARY.—

"(1) IN GENERAL.—For purposes of this section, a trust shall be treated as having a United States beneficiary for the taxable year unless—

"(A) under the terms of the trust, no part of the income or corpus of the trust may be paid or accumulated during the taxable year to or for the benefit of a United States person, and

"(B) if the trust were terminated at any time during the taxable year, no part of the income or corpus of such trust could be paid to or for the benefit of a United States person.

To the extent provided by the Secretary, for purposes of this subsection, the term 'United States person' includes any person who was a United States person at any time during the existence of the trust.

"(2) ATTRIBUTION OF OWNERSHIP.—For purposes of paragraph (1), an amount shall be treated as paid or accumulated to or for the benefit of a United States person if such amount is paid to or accumulated for a foreign corporation, foreign partnership, or foreign trust or estate, and—

"(A) in the case of a foreign corporation, more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote is owned (within the meaning of section 958(a)) or is considered to be owned (within the meaning of section 958(b)) by United States shareholders (as defined in section 951(b)),

"(B) in the case of a foreign partnership, a United States person is a partner of such partnership, or

"(C) in the case of a foreign trust or estate, such trust or estate has a United States beneficiary (within the meaning of paragraph (1)).

"(e) DETERMINATION OF BENEFICIARIES' INTERESTS IN TRUST.—

"(1) GENERAL RULE.—For purposes of this section, a beneficiary's interest in a foreign trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

"(2) SPECIAL RULE.—In the case of beneficiaries whose interests in a trust cannot be determined under paragraph (1)—

"(A) the beneficiary having the closest degree of kinship to the grantor shall be treated as holding the remaining interests in the trust not determined under paragraph (1) to be held by any other beneficiary, and

"(B) if 2 or more beneficiaries have the same degree of kinship to the grantor, such remaining interests shall be treated as held equally by such beneficiaries.

"(3) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a foreign trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

"(4) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

"(A) the methodology used to determine that taxpayer's trust interest under this section, and

"(B) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending on or after February 6, 1995.

(2) SECTION 679(a).—Paragraphs (2) and (3) of section 679(a) of the Internal Revenue Code of 1986 (as added by this section) shall apply to—

(A) any trust created on or after February 6, 1995, and

(B) the portion of any trust created before such date which is attributable to actual transfers of property to the trust on or after such date.

(3) SECTION 679(b).—

(A) IN GENERAL.—Paragraphs (1) and (2) of section 679(b) of such Code (as so added) shall apply to—

(i) any trust created on or after the date of the enactment of this Act, and

(ii) the portion of any trust created before such date which is attributable to actual transfers of property to the trust on or after such date.

(B) SECTION 679(b)(3).—Section 679(b)(3) of such Code (as so added) shall take effect on February 6, 1995, without regard to when the property was transferred to the trust.

SEC. 314. FOREIGN PERSONS NOT TO BE TREATED AS OWNERS UNDER GRANTOR TRUST RULES.

(a) IN GENERAL.—So much of section 672(f) of the Internal Revenue Code of 1986 (relating to special rule where grantor is foreign person) as precedes paragraph (2) is amended to read as follows:

"(f) SUBPART NOT TO RESULT IN FOREIGN OWNERSHIP.—

"(1) IN GENERAL.—Notwithstanding any other provision of this subpart, this subpart shall apply only to the extent such application results in an amount being included (directly or through 1 or more entities) in the gross income of a citizen or resident of the United States or a domestic corporation. The preceding sentence shall not apply to any portion of an investment trust if such trust is treated as a trust for purposes of this title and the grantor of such portion is the sole beneficiary of such portion."

(b) CREDIT FOR CERTAIN TAXES.—Paragraph (2) of section 665(d) of such Code is amended by adding at the end the following new sentence: "Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the term 'taxes imposed on the trust' includes the allocable amount of any income, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust income."

(c) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—

(1) Section 643 of such Code is amended by adding at the end the following new subsection:

"(h) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—For purposes of this part, any amount paid to a United States person which is derived directly or indirectly from a foreign trust of which the payor is not the grantor shall be deemed in the year of payment to have been directly paid by the foreign trust to such United States person."

(2) Section 665 of such Code is amended by striking subsection (c).

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(e) TRANSITIONAL RULE.—If—

(1) by reason of the amendments made by this section, any person other than a United States person ceases to be treated as the owner of a portion of a domestic trust, and

(2) before January 1, 1996, such trust becomes a foreign trust, or the assets of such trust are transferred to a foreign trust,

no tax shall be imposed by section 1491 of the Internal Revenue Code of 1986 by reason of such trust becoming a foreign trust or the assets of such trust being transferred to a foreign trust.

SEC. 315. GRATUITOUS TRANSFERS BY PARTNERSHIPS AND FOREIGN CORPORATIONS.

(a) IN GENERAL.—Subchapter C of chapter 80 of the Internal Revenue Code of 1986 (relating to provisions affecting more than one subtitle) is amended by adding at the end the following new section:

"SEC. 7874. PURPORTED GIFTS BY PARTNERSHIPS AND FOREIGN CORPORATIONS.

"(a) IN GENERAL.—Any property (including money) that is purportedly a direct or indirect gift by a partnership or a foreign corporation to a person who is not a partner of the partnership or a shareholder of the corporation, respectively, may be recharacterized by the Secretary to prevent the avoidance of tax. The Secretary may not recharacterize gifts made for bona fide business or charitable purposes.

"(b) STATEMENTS ON RECIPIENT'S RETURN.—A taxpayer who receives a purported gift subject to subsection (a) shall attach a statement to his income tax return for the year of receipt that identifies the property received and describes fully the circumstances surrounding the purported gift.

"(c) EXEMPTION.—Subsection (a) shall not apply to purported gifts received by any person during any taxable year if the amount thereof is less than $2,500.

"(d) REGULATIONS.—The Secretary may prescribe such rules as may be necessary or appropriate to carry out the purposes of this section."

(b) CLERICAL AMENDMENT.—The table of sections for such subchapter C of such Code is amended by adding at the end the following new item:

"Sec. 7874. Purported gifts by partnerships and foreign corporations."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act.

SEC. 316. INFORMATION REPORTING REGARDING LARGE FOREIGN GIFTS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by inserting after section 6039E the following new section:

"SEC. 6039F. NOTICE OF LARGE GIFTS RECEIVED FROM FOREIGN PERSONS.

"(a) IN GENERAL.—If the value of the aggregate foreign gifts received by a United States person (other than an organization described in section 501(c) and exempt from tax under section 501(a)) during any taxable year exceeds $100,000, such United States person shall furnish (at such time and in such manner as the Secretary shall prescribe) such information as the Secretary may prescribe regarding each foreign gift received during such year.

"(b) FOREIGN GIFT.—For purposes of this section, the term 'foreign gift' means any amount received from a person other than a United States person which the recipient treats as a gift or bequest. Such term shall not include any qualified transfer (within the meaning of section 2503(e)(2)).

"(c) PENALTY FOR FAILURE TO FILE INFORMATION.—

"(1) IN GENERAL.—If a United States person fails to furnish the information required by subsection (a) with respect to any foreign gift within the time prescribed therefor (including extensions)—

"(A) the tax consequences of the receipt of such gift shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise, and

"(B) such United States person shall pay (upon notice and demand by the Secretary and in the same manner as tax) an amount equal to 5 percent of the amount of such foreign gift for each month for which the failure continues (not to exceed 25 percent of such amount in the aggregate).

"(2) REASONABLE CAUSE EXCEPTION.—Paragraph (1) shall not apply to any failure to report a foreign gift if the United States person shows that the failure is due to reasonable cause and not due to willful neglect.

"(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting after the item relating to section 6039E the following new item:

"Sec. 6039F. Notice of large gifts received from foreign persons."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act in taxable years ending after such date.

SEC. 317. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS WHICH ARE NOT GRANTOR TRUSTS.

(a) MODIFICATION OF INTEREST CHARGE ON ACCUMULATION DISTRIBUTIONS.—Subsection (a) of section 668 of the Internal Revenue Code of 1986 (relating to interest charge on accumulation distributions from foreign trusts) is amended to read as follows:

"(a) GENERAL RULE.—For purposes of the tax determined under section 667(a)—

"(1) SUM OF INTEREST CHARGES FOR EACH THROWBACK YEAR.—The interest charge (determined under paragraph (2)) with respect to any distribution is the sum of the interest charges for each of the throwback years to which such distribution is allocated under section 666(a).

"(2) INTEREST CHARGE FOR YEAR.—Except as provided in paragraph (6), the interest charge for any throwback year on such year's allocable share of the partial tax computed under section 667(b) with respect to any distribution shall be determined for the period—

"(A) beginning on the due date for the throwback year, and

"(B) ending on the due date for the taxable year of the distribution,

by using the rates and method applicable under section 6621 for underpayments of tax for such period. For purposes of the preceding sentence, the term 'due date' means the date prescribed by law (determined without regard to extensions) for filing the return of the tax imposed by this chapter for the taxable year.

"(3) ALLOCABLE PARTIAL TAX.—For purposes of paragraph (2), a throwback year's allocable share of the partial tax is an amount equal to such partial tax multiplied by the fraction—

"(A) the numerator of which is the amount deemed by section 666(a) to be distributed on the last day of such throwback year, and

"(B) the denominator of which is the accumulation distribution taken into account under section 666(a).

"(4) THROWBACK YEAR.—For purposes of this subsection, the term 'throwback year' means any taxable year to which a distribution is allocated under section 666(a).

"(5) PERIODS OF NONRESIDENCE.—The period under paragraph (2) shall not include any portion thereof during which the beneficiary was not a citizen or resident of the United States.

"(6) THROWBACK YEARS BEFORE 1996.—In the case of any throwback year beginning before 1996—

"(A) interest for the portion of the period described in paragraph (2) which occurs before the first taxable year beginning after 1995 shall be determined by using an interest rate of 6 percent and no compounding, and

"(B) interest for the remaining portion of such period shall be determined as if the partial tax computed under section 667(b) for the throwback year were increased (as of the beginning of such first taxable year) by the amount of the interest determined under subparagraph (A)."

(b) RULE WHEN INFORMATION NOT AVAILABLE.—Subsection (d) of section 666 of such Code is amended by adding at the end the following: "In the case of a distribution from a foreign trust to which section 6048(b) applies, adequate records shall not be considered to be available for purposes of the preceding sentence unless such trust meets the requirements referred to in such section. If a taxpayer is not able to demonstrate when a trust was created, the Secretary may use any reasonable approximation based on available evidence."

(c) ABUSIVE TRANSACTIONS.—Section 643(a) of such Code is amended by inserting after paragraph (6) the following new paragraph:

"(7) ABUSIVE TRANSACTIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes."

(d) TREATMENT OF USE OF TRUST PROPERTY.—Section 643 of such Code (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end the following new subsection:

"(i) USE OF FOREIGN TRUST PROPERTY.—

"(1) GENERAL RULE.—For purposes of subparts B, C, and D, if, during a taxable year of a foreign trust a trust participant of such trust directly or indirectly uses any of the trust's property, the use value for such taxable year shall be treated as an amount paid to such participant (other than from income for the taxable year) within the meaning of sections 661(a)(2) and section 662(a)(2).

"(2) EXEMPTION.—Paragraph (1) shall not apply to any trust participant as to whom the aggregate use value during the taxable year does not exceed $2,500.

"(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) USE VALUE.—Except as provided in subparagraph (B), the term 'use value' means the fair market value of the use of property reduced by any amount paid for such use by the trust participant or by any person who is related to such participant.

"(B) SPECIAL RULE FOR CASH AND CASH EQUIVALENT.—A direct or indirect loan of cash, or cash equivalent, by a foreign trust shall be treated as a use of trust property by the borrower and the full amount of the loan principal shall be the use value.

"(C) USE BY RELATED PARTY.—

"(i) Use by a person who is related to a trust participant shall be treated as use by the participant.

"(ii) If property is used by any person who is a related person with respect to more than one trust participant, then the property shall be treated as used by the trust participant most closely related, by blood or otherwise, to such person.

"(D) PROPERTY INCLUDES CASH AND CASH EQUIVALENTS.—The term 'property' includes cash and cash equivalents.

"(E) TRUST PARTICIPANT.—The term 'trust participant' means each grantor and beneficiary of the trust.

"(F) RELATED PERSON.—A person is related to a trust participant if the relationship between such persons would result in a disallowance of losses under section 267(b) or

707(b). In applying section 267 for purposes of the preceding sentence—

"(i) section 267(e) shall be applied as if such person or the trust participant were a pass-thru entity,

"(ii) section 267(b) shall be applied by substituting 'at least 10 percent' for 'more than 50 percent' each place it appears, and

"(iii) in determining the family of an individual under section 267(c)(4), such section shall be treated as including the spouse (and former spouse) of such individual and of each other person who is treated under such section as being a member of the family of such individual or spouse.

"(G) SUBSEQUENT TRANSACTIONS REGARDING LOAN PRINCIPAL.—If any loan described in subparagraph (B) is taken into account under paragraph (1), any subsequent transaction between the trust and the original borrower regarding the principal of the loan (by way of complete or partial repayment, satisfaction, cancellation, discharge, or otherwise) shall be disregarded for purposes of this title."

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) INTEREST CHARGE.—The amendment made by subsection (a) shall apply to interest for throwback years beginning before, on, or after the date of the enactment of this Act.

SEC. 318. RESIDENCE OF ESTATES AND TRUSTS.

(a) TREATMENT AS UNITED STATES PERSON.—Paragraph (30) of section 7701(a) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D) and by inserting after subparagraph (C) the following:

"(D) any estate or trust if—

"(i) a court within the United States is able to exercise primary supervision over the administration of the estate or trust, and

"(ii) in the case of a trust, one or more United States fiduciaries have the authority to control all substantial decisions of the trust."

(b) CONFORMING AMENDMENT.—Paragraph (31) of section 7701(a) of such Code is amended to read as follows:

"(31) FOREIGN ESTATE OR TRUST.—The term 'foreign estate' or 'foreign trust' means any estate or trust other than an estate or trust described in section 7701(a)(30)(D)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply—

(1) to taxable years beginning after December 31, 1996, and

(2) at the election of the trustee of a trust, to taxable years beginning after the date of the enactment of this Act and on or before December 31, 1996.

Such an election, once made, shall be irrevocable.

The CHAIRMAN. The gentleman from Washington [Mr. MCDERMOTT] will be recognized for 30 minutes, and the gentleman from Texas [Mr. ARCHER] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Washington [Mr. MCDERMOTT].

Mr. MCDERMOTT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, you have heard a lot of talk today about fairness. The amendment I propose today is as simple as it is fair. It simply extends to employees who must buy their own health insurance exactly the same tax deduction that the majority has proposed for the self-employed.

In other words, it gives employees the same 25-percent deduction of the cost of health insurance that the Contract on America offers to employers.

Now, how can Congress justify giving a deduction to small employers, but not to the people who work for small employers? Would you give a tax break to a self-employed lawyer who must buy his own health insurance, but not to his secretary who works for the lawyer and who also must buy his or her own insurance? Both are engaged in exactly the same conduct of purchasing health insurance. Providing tax incentives to purchase health insurance serves the same policy goals for both employers and employees.

For many, this tax deduction will be the difference between being able to afford health insurance and not. To provide a deduction for the employer but not for the employee cannot be defended. We must be the Congress of all the people.

The question you ask then is how do we pay for it? How do we pay for those hard-working Americans who are shut out by the Republican proposal?

□ 1945

The lion's share of the money to pay for the employee getting the same deduction as their employers comes from changing the capital gains tax rules on Americans who renounce their citizenship for tax purposes. What better way could there be to enable hard-working, patriotic Americans to purchase health insurance than by increasing the capital gains on extraordinarily wealthy individuals who renounce this country?

Certainly, Mr. Chairman, no one can vote to protect tax breaks for those who turn their backs on America. The remainder of the money comes from changing the tax rules on foreign trusts and on reforming the FCC minority ownership program Members have heard talked about.

The reform of the FCC program will assure that the original purpose of the incentive program is fulfilled, to encourage the communications industry to sell minority businesses interested in entering the communications field. When this program started in 1978, less than a half of a percent of broadcasts were done by minorities. Today we are up to 3 percent. It is not a perfect program, but it has worked.

To assure the long-term viability of this program, my substitute caps the amount of the capital gain deferral each transaction can receive at $50 million.

This reform in the FCC program preserves the highest goals of equal opportunity and retains an incentive, this word "incentive," that great market tool consistently advocated by the Speaker and the majority leader and the whole majority, an incentive to develop new business opportunities.

The total elimination of the FCC program initiated at the last minute by the chairman of the Committee on Ways and Means has nothing to do with the ostensible purpose of H.R. 831, whichever everyone on this floor agrees with, which is to provide a tax deduction to enable people to buy insurance on their own.

The overriding purpose of this amendment is to return the bill to its original purpose, one which would give a unanimous vote and include hard-working employees who do not get health insurance through their jobs.

The number of Americans without health insurance increased by 1 million last year, mainly because more employers either dropped health insurance or failed to offer it.

The number of employees offering health insurance has been steadily declining since 1980. Nobody on this floor should have any illusions that these deductions to employers and employees will solve the overwhelming problem we have.

At best, it is a lottery, whether anybody could actually buy insurance as an individual. But these deductions give people a small margin that enables them to hold onto some health insurance until the Congress, as we are promised by the gentleman from California [Mr. THOMAS] and others, will be ready to address the fundamental problem of health insurance.

I hope we can show the American people that every Member of the House will act today to assure that all Americans who cannot obtain health insurance through their job will get a 25-percent deduction to assist their own efforts to insure themselves. The line drawn by this bill between employers and employees as proposed is a false one and cannot be defended. For that reason, I have offered this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. ARCHER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Texas [Mr. ARCHER] is recognized for 30 minutes.

Mr. ARCHER. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, the McDermott substitute would continue the FCC's policy of promoting minority ownership of broadcast facilities through special individualized tax breaks for millionaire sellers of those facilities. This loophole of up to $17 million per seller under the McDermott amendment has no justifiable place in the tax code and cries out for repeal.

In essence, the FCC awards or denies tax benefits based on the race or ethnic background of the buyer. This is wrong. Tax benefits should not be conditioned on classifications such as race

or ethnicity. Our Nation's tax laws should be, as I am, color blind.

Those supporting the McDermott substitute argue that repeal of section 1071 represents, and I quote them, "the driving of a wedge within our society between people based on racial and ethnic grounds."

But is that not exactly what the FCC minority policies do? The minorities favored under the FCC tax certificate program are black, Hispanic, Asian, Alaska Natives and American Indians. Does it make any sense for our tax laws to be used to favor one person because he is African American or Asian while disfavoring another because he is white? Does this not in fact drive a wedge in our society between people based on racial and ethnic grounds?

Under the FCC's policies, a family descended from Spanish Jews, forced from Spain in 1492 by Ferdinand and Isabella, thereby qualified for the minority tax certificate program because they were judged by the FCC to be Hispanic. Yet non-Hispanic Jewish Americans perhaps driven from Europe by the Holocaust do not qualify. Is this not exactly the kind of racial and ethnic wedge the proponents of section 1071 say they are worried about? But McDermott would continue this. What is a minority? Should the FCC look into the family tree as to the ancestors of every American before determining whether they qualify or not?

The FCC minority tax certificate program is not even needs based. Indeed some of the minority investors who have reportedly benefited from the program are millionaires like Oprah Winfrey, Bill Cosby, and Dave Winfield. You cannot convince me that radio and TV station owners will not sell to these individuals without the benefit of a special rifle shot tax loophole.

Unfortunately, despite the progress that has been made in recent decades, yes, there still can be discrimination in our society. And I strongly believe that remedies must be available to provide redress to individuals who experience discrimination because of their race. But the discrimination inherent in the FCC's minority ownership policy is not intended to remedy racial discrimination. In fact, the FCC has never claimed that there was any discrimination in the allocation of radio or TV licenses.

Does the FCC believe there is a particular minority viewpoint that will be expressed only by minority owners? Such a concept implies that people's thoughts and views are based on the color of their skin, a concept which I would have thought most Americans would find offensive today.

Greater minority participation in all of the bounty our Nation has to offer is a goal shared by every Member of Congress, but the way to achieve that goal is not by giving special preference to some at the expense of opportunity to others.

Programs which try to achieve an ideal racial mix in ownership of businesses by discriminating in the name of anti-discrimination are doomed to failure.

I urge a vote against the McDermott substitute.

Mr. Chairman, I reserve the balance of my time.

Mr. McDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. DIAZ-BALART].

Mr. DIAZ-BALART. Mr. Chairman, I thank the gentleman from Washington for yielding time to me.

This is obviously a very serious issue. It is an issue that is not to be taken lightly, and I have extraordinary respect for Members on both sides of this issue.

I think that what we are facing here really is something that is somewhat the use of a hatchet or an axe or a sword, when we can and we should use a scalpel.

The reality of the matter is that in 1978, it has been stated, less than half a percent of radio and television stations in this country were owned by blacks or Hispanics. Not 20 percent, which should be the quota, that is not what we sought by this FCC policy permitted under this section of the law. No one is talking about a quota. But, rather, an encouragement for people like in my community, who literally got off the boat a couple of decades ago, have been saving and with a lot of hard work and perseverance, are able to buy, a couple of them, have been able to buy radio stations because of 1071. So I am not an expert on this, but I know that it worked with regard to people that have the ability to permit the first amendment to be a reality and not simply a piece of paper in the telecommunications age.

□ 1950

Therefore, Mr. Chairman, with the decibels low, with respect for all points of view in this issue, without raising the decibels with accusations, which I think are unwarranted, like racism and this kind of thing, I do think, though, that this is a very serious issue, and that we should address it seriously.

Like Kondracke, Morton Kondracke said just a week ago in Roll Call, and I agree with him:

> We would do well to approach the coming conflict in a spirit of reform. . . . We would be better off to amend preferences rather than sweep them away. . . . This society is already angry enough.

I think we should remember those words as we face these issues, especially with successful programs that have permitted, as I have said before, the first amendment to be a reality in the telecommunications age.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. THOMAS], chairman of the Subcommittee on Health of the Committee on Ways and Means.

Mr. THOMAS. Mr. Chairman, as we look at this McDermott substitute, I think it is really important to keep in mind recent history.

For example, Mr. Chairman, the gentleman from Washington [Mr. McDERMOTT] offered legislation in the last Congress in the area of health care reform. He criticized the Republican offer because he demanded fundamental reform before the year 2000. By 1998, he said we had to have the system completely reformed.

He stands before us tonight in the name of equity, and he said, Mr. Chairman, he said these folks who work for corporations who do not provide health insurance are going to be treated the same as self-employed.

I just did a reality check. I thought what we were doing, Mr. Chairman, was reaching back to the last year and giving the self-employed 25 percent. That would be 1994. In 1995 we are going to give them 25 percent. In 1996 we are going to give them 25 percent, in 1997, and so on.

What I found out in the McDermott amendment is that these folks do not get anything for 1994, nor for 1995. He starts them out at 15 percent for 1996. What do they do in 1997? Another 15 percent. In the year 1998, when he demanded fundamental reform for everybody or the program was not any good, he is going to give them 20 percent.

Let us look at this for what it is. It is a gimmick. Mr. Chairman, I urge the Members, come to my subcommittee as we offer full health care reform. I want to hear all the ideas. I would say to the gentleman from Washington [Mr. McDERMOTT], I did not hear this idea in subcommittee.

I am looking forward to testimony so we can make sure that all Americans are treated fairly and equally, rather than trying some token gimmick to try to head off the first measure coming to the floor. I do hope people look at the specifics and understand why the McDermott amendment is being offered. Support H.R. 831. It is a fairness issue.

Mr. McDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Chairman, I thank my friend, the gentleman from Washington, for attempting to really try to help the self-employed in getting deductions for their insured, for insurance.

The truth is, Mr. Chairman, health insurance has nothing to do with what is on the floor today. Health insurance is the sugarcoating for repealing the FCC provision.

Mr. Chairman, I do not mind that happening, but if they are going to shoot me down, do it with a hearing. My distinguished chairman tells me that he is color blind. Mr. Chairman, I thought he was putting me on when he first said it, but then I checked with

some of his friends, and I understand he does have a physical problem in detecting color.

However, when we go into the board rooms in these great United States, and let me make it abundantly clear, there is no greater country in the world for anybody than these great United States, but somehow, Mr. Chairman, we have to believe that not everyone has the same defect. They are not color blind. If we go into the television board rooms, the editorial board rooms, the people that tell us what America is all about, they are not color blind.

If we want to correct the injustices that are here, let us have hearings and let us do it right. To do it in the middle of the night is not fair, and to make it retroactive is not good law.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. BUNNING], a respected member of the committee.

Mr. BUNNING of Kentucky. Mr. Chairman, I rise in strong support of H.R. 831 and in opposition to the McDermott substitute.

With H.R. 831, the House is for once doing the right thing. It permanently extends the health insurance deduction for the self-employed and repeals an aberration in the Tax Code. It is a clean simple bill that deserves to sail through this House.

Mr. Chairman, our Tax Code should be color blind. Neither Congress nor the IRS should be in the business of passing out tax breaks or tax increases based on creed or color. H.R. 831 repeals the only provision in the Tax Code that bases its treatment on skin color.

H.R. 831 is a straightforward bill that is paid for without smoke or mirrors. On the other hand, the McDermott substitute offers up one revenue raiser dealing with foreign trusts that its sponsor could not even explain to the Rules Committee.

The McDermott substitute also proposes that we keep intact the only provision in the Tax Code that passes out tax breaks based on creed or color.

Mr. Chairman, the 25 percent deduction for the self-employed lapsed over a year ago, but after a lot of hemming and hawing the House is only now getting around to extending it permanently. The administration and the then-Democratic majority talked the talk all last year about helping the self-employed, but they never got around to really doing anything about it.

Now that the new majority is walking the walk the new minority wants to delay things again. It's time to help the self-employed by permanently extending the deduction and to help the taxpayers by closing a loophole.

Mr. Chairman, over 3 million Americans are relying on us to extend the law that allows them to deduct their health insurance costs. The farmers and the self-employed in my district are counting on us to do the right thing.

I strongly urge my colleagues to support H.R. 831 and to oppose the McDermott substitute.

Mr. Chairman, I rise in strong support of H.R. 831. For once, the House is doing the right thing.

The Tax Code provision that gives over 3 million self-employed workers the ability to deduct their health insurance costs lapsed over a year ago. Since then these people have been slowly twisting in the wind, wondering if Congress was going to step up and restore their deduction for the 1994 tax year.

This is an issue of the utmost importance to the many small farmers and other self-employed individuals in my congressional district. If Congress does not act before April 15, these individuals will not be able to deduct these costs from their 1994 taxes and will be left high and dry.

The House now has the chance to step in and help extract these people from tax limbo. A strong vote today will hopefully help convince those in the other body to take up this matter quickly so that we can get a bill to the President's desk as soon as possible.

Mr. Chairman, H.R. 831 also gives us the chance to kill two birds with one stone. To pay for the 25 percent deduction, the bill repeals section 1071 of the Tax Code that allows the FCC to issue tax certificates to companies that sell telecommunications properties to businesses with minority interests. The selling companies are allowed to indefinitely defer taxes on any gains on the sale of radio broadcast facilities. It's part of the code that needs to be repealed.

The legislative history of section 1071 makes it clear that Congress originally passed this provision to provide tax deferrals only in instances where a sale or exchange of communications-related property was an involuntary divestiture to comply with the FCC's rules regarding ownership of broadcast facilities.

But, in the 1970's, without congressional approval, the FCC broadened the meaning of section 1071 and began allowing tax deferrals for voluntary divestitures that met certain criteria. In 1978, the FCC adopted a policy in which it would grant tax deferrals to companies or individuals who voluntarily sold their broadcast facilities to an entity that had a minority controlled interest.

Now, section 1071 is the only provision of the tax code that allows a Federal agency to administer what is essentially an entitlement program to big businesses that understand how to unfairly manipulate the rules that promote minority control of media outlets.

For instance, under this provision of the code, a recent deal between Viacom, the minority controlled Mitgo Corp., and InterMedia Partners qualifies for a tax deferral and would end up costing the American taxpayers over $600 million.

The upshot of the Viacom deal is that Viacom will get an indefinite tax deferral of $640 million, and the African-American owner of Mitgo will walk away from the deal in several years with roughly $5 million in profits after having sold his interest in Viacom's cable television systems to Telecommunications, already the largest cable TV operator in the country. Everybody wins but the taxpayers.

The bottom line is that the FCC is now using section 1071 to promote a policy that was never part of the original congressional intent for that part of the code. Without congressional approval, the agency expanded its power to grant tax breaks, and it's now time for Congress to rein in the FCC.

Mr. Chairman, I think that the Internal Revenue Code should be color blind. Individuals should not get tax breaks nor should they get taxed more because of their skin color; there should not be carve-outs in the code for businesses just because a minority interest is involved. I see no reason why the Tax Code should not be used as another arm of Affirmative Action and it's time to remove section 1071 from the code.

As a side note, Mr. Chairman, I need to note how ironic I find that the House is only now getting around to extending the self-employed health insurance deduction after haggling for over 2 years about how to pass a health care reform that provides health care coverage to more Americans.

Ever since the 25-percent deductibility for the self-employed lapsed at the end of 1993, the administration and the then-Democratic majority lamented how they wanted to help these individuals with their health insurance costs.

But because of the administration's all-or-nothing strategy on health care reform last year, the self-employed got just that—nothing. At any point over the past 14 months, the administration or the then-majority could have moved legislation at any time to permanently, or even temporarily, extend the 25 percent deduction for the elf-employed. They did not do so.

The 25 percent deduction for the self-employed was held hostage because the President refused to consider any health-related legislation except for a radical health care bill. When health care reform legislation died at the end of the last Congress, so did any hopes for passing the 25 percent deduction.

Now, finally, it is getting passed. The administration and the then-majority talked a pretty good talk about helping the self-employed pay for health insurance, but it is the new majority that is walking the walk.

Frankly, I would like to see the self-employed be able to deduct 100 percent of their health insurance costs. Businesses can claim the full deduction for their employees' insurance costs, and I see no reason why the self-employed should be treated any differently under the Tax Code. There just is not any reason for this disparate treatment.

H.R. 831 is only the first step in permanently establishing parity in this area between the self-employed and every other business in America. The sooner that Congress gives the self-employed workers in this country the same tax break that it gives to other businesses, the better. I expect that Chairman ARCHER will eventually move to give the self-employed the ability to deduct 100 percent of their health insurance costs, and I will do what I can to support him.

Mr. MCDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. MENENDEZ].

Mr. MENENDEZ. Mr. Chairman, I rise in strong support of the McDermott substitute. It represents a balanced compromise that extends the benefits of tax deductions for health insurance to millions more Americans, and carefully preserves the best aspects of the tax provisions related to the sale of broadcast facilities to minority owners.

Mr. Chairman, the rhetoric of empowerment flows freely from the same lips that today have condemned section 1071, and the irony is almost overpowering. Section 1071 is designed expressly to empower minorities to build businesses that employ people, serve the market, and generate revenue.

Minority buyers pay market price for the broadcast facilities purchased under this provision. There are no subsidies. These provisions have encouraged sales to minorities without distorting the market, precisely the kind of empowerment that is so pervasive in Republican rhetoric these days.

Mr. Chairman, there is no special gain or advantage for minority bidders. Instead, it is the seller who enjoys the tax break. What could be more Republican? Vote for the McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. ZIMMER], a valued new member of the committee.

Mr. ZIMMER. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, the supporters of section 1071 have characterized this debate as the first battle in an impending war over affirmative action. As someone who personally believes very strongly that the Federal Government has a decisive role to play in promoting civil rights and equal opportunity, I ask the defenders of this tax giveaway, do they really want to do battle on this battlefield? Even if they believe in affirmative action, they have to concede that section 1071 is a particularly goofy program, even by the standards of the tax code, and it is an incredible waste of taxpayer dollars.

It will continue to be a waste of taxpayer dollars, even if the Gibbons-McDermott amendment is adopted. The Gibbons-McDermott amendment would not change the essential character of section 1071. Every cent of the tax benefit would still go to the sellers of communications properties; generally speaking, rich white guys.

Not one cent of this taxpayer subsidy would have to go to the minority purchaser. The minority purchaser still would not have to show that he or she is economically disadvantaged, or that he or she needs help economically to make the purchase.

Mr. Chairman, even if the purchaser is a millionaire himself, he would not have to contribute a single dollar to the purchasing entity. Is this what we mean by affirmative action? By tying the future of affirmative action to this misbegotten program, Members are making a dreadful mistake and doing a real disservice to their cause.

My Democratic colleagues who inveigh against corporate welfare and trickle-down economics ought to recognize them when they see them, and not try to perpetuate this giveaway. Evidently, the sponsors of the Gibbons-McDermott amendment understand that the Viacom deal is indefensible, because they would block it, too, under their own proposal.

Although they propose scaling back the maximum size of this loophole, they have not attempted to change its essential nature.

□ 2010

It is still basically a subsidy for rich white people.

In the course of this debate, in the committee and on the floor, we have heard a lot of heated rhetoric. We have heard about Adolf Hitler. We have heard about David Duke. We have heard about playing the race card. I urge the champions of civil rights in this Chamber not to expend your rhetorical heavy artillery on this cause, to save it for a more worthwhile cause. I urge this House to reject the Gibbons-McDermott amendment.

Mr. McDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. MFUME].

Mr. MFUME. Mr. Chairman, let me say to you and remind myself that this debate really is not about the deductibility of health insurance for the self-employed. That might be the intent by some, but the effect is something altogether different, and at some point in time we ought to stand up and admit that. Because if we were really serious about doing away with this second-class citizenship that they now enjoy, we would have approved the Cardin amendment, which was an 80-percent deduction, or the Mfume amendment, which has a 100-percent deduction and paid for with surplus funds. Or we would even now support the McDermott substitute. But we are not doing that. This is not about them. This is about a charade, a bigger smoke screen. Because this makes the 25 percent permanent. It says, "You're going to permanently be second-class citizens, those of you who are self-employed." So if we are real and if we are serious, we ought to give them what everybody else has, and that is an 80- or 100-percent deduction.

Second point. This is not about what this bill allows. It is about what it disallows. It disallows an incentive. There are those who would argue that we should not be giving incentives to businessmen. I do not ever remember hearing that argument from the other side of the aisle until today.

If we are going to talk seriously and be frank, let's say what people are thinking. People are looking at this, ladies and gentlemen, and seeing this as a race debate. That is how people are seeing it around the country. Not me. Not the chairman. Not the one who has got the substitute. The people are seeing it. Because we are playing it that way. We are. Someone said this is about affirmative action. This is not the fight about affirmative action. I want to be very clear about this. This is the flare that goes up before the firefight, that lights the horizon, that shows the way.

Let me suggest that the real fight is on the horizon. I would hope and I would remind individuals who are here today who think that affirmative action will go down quietly that that is not the case.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HERGER], a valued member of the committee.

Mr. HERGER. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Washington. Recently I participated in a Ways and Means subcommittee hearing on this very program which basically rewards individuals buying communications properties for at least nominally including minority partners. Over the last 17 years, this Federal Program which defers taxation of gains in a sale to a minority purchaser has cost American taxpayers over $2 billion while the number of minority-owned communications businesses has grown very little.

Further, 71 percent of all radio stations purchased by minority-controlled groups were resold within an average of 3½ years. Even proponents of affirmative action admit that this program does nothing for the poor or uneducated.

Mr. Chairman, I believe that minority buyers are entitled to every advantage available to nonminorities. However, I strongly oppose creating special racial subgroups of Americans in the tax code. Of all the government-run-amok Federal programs, this has got to be one of the very worst. It is just not equitable that average citizens should pay taxes while multibillion-dollar communication firms and a select few upper class minorities get a free ride on up to $50 million. Clearly, this law creates a hole in the Internal Revenue Code that tax attorneys can drive a truck through.

Mr. Chairman, let's treat all citizens equally under the Tax Code. Vote "no" on this amendment.

Mr. McDERMOTT. Mr. Chairman, I yield 1 minute to the gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Chairman, I rise in support of the McDermott substitute to allow both the self-employed and employees, employees who are not covered, not insured by their employers, to deduct a portion of the cost of their health insurance.

The McDermott substitute is both sensible and fair. Allowing uninsured employees who purchase their own coverage to take the same deduction that we are giving their employer may reduce the number of Americans who are not insured. The McDermott substitute will encourage individuals who are currently uninsured to buy health insurance. And the McDermott substitute does this at no cost to employers. What could make better sense?

Mr. Chairman, we have a long way to go to reform health care in America and to achieve universal coverage for all Americans. But the McDermott substitute is a step in the right direction.

I urge my colleagues to vote for the McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BONILLA].

Mr. BONILLA. Mr. Chairman, H.R. 831 is a tax bill and the race card has been played and that is very unfortunate.

I happen to be an American of Hispanic descent who grew up in a family where my father often worked 3 jobs to put food on the table and my grandmother worked for 30 years as a maid in a hospital to support herself.

In my family, no one ever expected to be treated differently. All we ever expected was a fair shot. People who play the race card sadly have no substance in their arguments. This is a tax break that has not worked. It was originally designed to increase minority participation in broadcasting but this has not happened. In fact, the percentage of minority ownership has actually decreased.

If you want to play the race card, look at it this way. You are helping hundreds and maybe thousands of minorities in this country who are self-employed, like José Cuevas, small businessman in Midland who needs this tax break; people like Julius Brooks, an African-American small businessman in my district.

Let's vote for this bill and against the McDermott substitute because it helps all Americans.

When I was young, the Bible taught us and we sang in church that red or yellow, black or white, we are all precious in his sight.

Mr. MFUME. Will the gentleman yield?

Mr. BONILLA. H.R. 831 is color-blind. We should vote for it and against the McDermott amendment.

Mr. MFUME. Will the color-blind gentleman yield?

Mr. BONILLA. I will not yield.

Mr. MFUME. Will the gentleman yield for a moment?

The CHAIRMAN. The time of the gentleman from Texas [Mr. BONILLA] has expired.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair would remind all Members to address their remarks through the Chair.

Mr. McDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Chairman, this is a wedge issue. This is the opening salvo on the Contract With America's war on minorities. Next it is affirmative action, and it is going to cover women.

Mr. Chairman, we could have financed this provision through the compliance provisions in the administration package. The tax certificate was specifically targeted.

What is wrong with this provision? It has been on the books since 1978. No Republican President has gone after it. What we have here is diversity in the airwaves, allowing minorities to compete.

□ 2020

Is there quotas when it is only 3 percent of minorities that own stations, 323 radio-television stations owned by minorities? What is wrong with in a ghetto or Indian reservation or Hispanic area for minorities within those communities to have a chance to own some of these radio stations? What is wrong if somebody has made money out of these provisions? Are loopholes only going to go to the nonminorities? Do we have an opportunity here to undo this legislation?

The McDermott amendment is a good provision. This is a bad amendment, but it is the first in a salvo of many initiatives that are wrong and should not happen, and it should be rejected by this House.

H.R. 831 reinstates the 25% health insurance deduction for self-employed persons. H.R. 831 is in large part paid for by repealing the Federal Communications Commission (FCC) Sect. 1071, the minority broadcasting tax certificate, that allows sellers to defer capital gains on the sale of media properties to minorities.

Broadened in 1978 to include minorities, the FCC minority broadcasting tax certificate allows sellers to defer capital gains on the sale of media properties to minorities.

The FCC tax certificate has enabled scores of minorities to own and control broadcast cable businesses. It has made for a five-fold increase in minority control of radio and television stations, and to a lesser extent cable systems.

Before 1978, minorities owned less than one-half of one percent (0.5%) of the total broadcast licenses issued by the FCC. A 1994 study reports that there are 323 radio and television stations owned and run by minorities, nearly 3%.

It is doubtful that repeal will raise promised revenues or result in savings, since many sales would never take place without the tax certificate. There are other alternatives—such as stock swaps—that allow sellers to benefit from tax-free exchanges.

The FCC Sect. 1071 simply gives minority businesses that may not have stocks or other capital the opportunity to compete. Most sellers would not take a chance on minority buyers without the FCC Sect. 1071 tax certificate and would look instead to other tax-free transactions.

The FCC tax certificate is a true "empowerment" program for the Hispanic market. It provides business development in minority communities, self-sufficiency, and creates jobs.

The FCC tax certificate promotes diversity in the airwaves. For millions of Latinos, for example, having immediate Spanish language information could mean the difference between life and death in a disaster situation.

IMPACT OF McDERMOTT AMENDMENT ON FCC TAX CERTIFICATE PROGRAM

H.R. 831

Section 1071 of the Internal Revenue Code allows the Federal Communications Commission to issue tax certificates to companies that sell communications properties as a result of changes in FCC policy, allowing the seller to defer tax on the gain if the proceeds are reinvested in qualifying communications properties.) The FCC policy has been principally used to accomplish diversity in broadcast ownership. Since 1978, the FCC has issued tax certificates to firms that sold properties to qualified minority buyers.

H.R. 831 would abolish the Section 1071 tax certificate program outright.

THE MC DERMOTT AMENDMENT

Section 1071 is retained only for "qualified transactions" under the FCC's Minority Ownership Policy.

Tax could only be deferred on gain up to $50 million per transaction or group of related transactions. (The $50 million cap allows minority buyers to use tax certificates in major markets, but bars "mega-deals" from qualifying for tax certificates. The restriction on "related transactions" ensures that sellers cannot break up sales into $50 million parcels to evade the cap.)

The FCC must certify that the sale is in furtherance of the FCC's Minority Ownership Policy.

The sale must be made to an "eligible" individual, corporation, or partnership, i.e.:

an individual qualifying under the FCC's Minority Ownership Policy (Black, Hispanic, Native American, Alaska Native, Asian, and Pacific Islander);

a corporation in which eligible individuals—directly or indirectly—own more than 50% of the voting stock and stock representing more than 20% of the value of the corporation;

a partnership in which eligible individuals directly or indirectly—have actual control and own at least 20% of the value of the partnership.

Permitting indirect ownership recognizes that there may be intermediate owners (e.g., the corporation may be a subsidiary of a minority-controlled corporation).

Property must be held by the minority buyer for at least 3 years. Buyout or repurchase agreements by ineligible persons would be prohibited.

ESTIMATED REVENUE EFFECTS OF POSSIBLE DEMOCRATIC SUBSTITUTIONS TO H.R. 831—FISCAL YEARS 1995–2000

[Millions of dollars]

Provision	Effective	1995	1996	1997	1998	1999	2000	1995–00
1. Limit gain section 1071 transactions to $50 million	1/17/95	295	344	82	77	98	121	1,016
2. Modify section 1033[1]	2/16/95	13	30	40	53	74	106	316
3. Disallow the EITC to taxpayers with income over $2,500 from the following sources; Interest, tax exempt interest, dividends, and gross revenues from rents and royalties	tyba 12/31/95	.....	56	562	608	641	686	2,553
4. Health insurance deductions:								
a. Self-employed individuals, 25% deduction	tyba 12/31/93	−487	−398	−435	−484	−536	−584	−2,925
b. Employees not eligible for employer-subsidized insurance: 15% in 1996, 15% in 1997, 20% in 1998, 20% in 1999, and 25% thereafter	tyba 12/31/95	.....	−208	−644	−774	−997	−1,159	−3,782
5. a. Revise taxation of income from foreign trusts	2/6/95	88	182	195	210	226	242	1,142
b. Revise tax treatment of renouncers of citizenship	2/6/95	60	181	248	323	405	494	1,711
Total	.....	−31	187	48	13	−89	−94	31

[1] This estimate includes adjustment to account for interaction with limiting the gain on section 1071 transactions to $50 million

Note: Details may not add to totals due to rounding.

Joint Committee on Taxation.

PROJECT FOR THE
REPUBLICAN FUTURE,
Washington, DC, February 21, 1995.

Memorandum to: Republican leaders.

From: William Kristol.

Subject: Moving Forward on Affirmative Action

"I think the worst thing that could happen is you take an issue like affirmative action or the whole issue of civil rights and race relations in this country and make it a political issue. That's the most dangerous thing that could happen . . . On affirmative action, we clearly oppose moving backwards. Where you have discrimination, you need to have a remedy. That includes affirmative action."—White House Chief of Staff Leon Panetta, on "Meet the Press," February 12, 1995.

"Affirmative action was never meant to be permanent, and now is truly the time to move on to some other approach. You can try to paint Republican opponents as having been captured by the far right and the like, but that's not going to make the Democratic Party the majority party again. In fact, there's a bad potential for this issue to drive a wedge right through the Democratic Party, if it doesn't yield some."—Democratic strategist Susan Estrich, in The New York Times, February 16, 1995.

Ironies abound in politics; large issues have a way of forcing themselves into public debate in unexpected form, on an unpredictable schedule. We're now halfway through the Republican Contract's 100-day legislative calendar. The GOP House and Senate have already achieved some notable successes. But neither chamber has yet cast, to the best of our knowledge, a floor vote on any bill that directly undoes an existing government program. Until now, that is. And the bill and program in question aren't mentioned in the Contract at all. In fact, the bill the House is scheduled to vote on (and will likely pass) today, Ways and Means Committee Chairman Bill Archer's H.R. 831, would actually kill a large tax break.

Now as it happens, the tax break involved is preposterous and Chairman Archer's legislation is self-evidently necessary. It would pay for a permanent extension of the 25 percent deduction for self-employed health insurance costs. That's a good cause. But the bill's true subject is affirmative action. And we'd be for it, and for doing it now, even if it paid for nothing—because it represents a strategically intelligent first step in what should be a major element of the Republican Party's larger, post-Contract agenda: a rollback of the massive system of racial preferences and setasides that has come to infect federal law and American life over the past 25 years.

Chairman Archer's bill repeals section 1071 of the Internal Revenue Code, which since 1978 has been interpreted by the Federal Communications Commission to allow companies selling broadcast properties to "minority controlled" enterprises to defer taxes on any capital gain. Mr. Archer's principal complaint against this provision is that its World War II-era provisions have been oozily transformed by the FCC into an agency-granted tax break—a usurpation of Congressional prerogative and authority. He's right. But there's also a much deeper ugliness at work in the FCC program, as recent news accounts of an attempt by the Viacom Corporation to take advantage of it make clear.

Viacom, the world's second largest media and entertainment company, plans to sell off its cable television stations to a group of investors dominated by InterMedia Partners and Tele-Communications Inc., the giant cable company. It's a $2.3 billion deal. But because, technically speaking, the investor of record in this deal is a minority, Viacom would be permitted to defer hundreds of millions of dollars—maybe more than a billion—in taxes. And the real purchasers here won't be inconvenienced at all; the deal's investor of record is allowed to cash out his $1 million stake at a hefty profit after just a few years. He is, incidentally, one Frank Washington, who as a Carter Administration FCC attorney in 1978 designed the whole "minority ownership program" in the first place.

Not to put too fine a point on it, Viacom is engaged in a particularly vulgar, though perfectly legal, affirmative action scam. But it's not a new one; again, this particular FCC initiative has been in place, doling out more than 300 such tax certificates, for 17 years. And the program isn't an isolated affirmative action grotesquerie, either. There is the huge 8(a) set-aside program at the Small Business Administration, for example. And hundreds of other programs and provisions, written into the sinews of federal law and administrative practice, make similar distinctions among American citizens on the basis of their skin color—with ever-increasingly questionable effects on their ostensible beneficiaries, and to the obvious detriment of race relations nationwide.

What's interesting, then, is that all of a sudden it seems possible that mere scrutiny of these programs will be enough to demolish them. Many of us long ago came to the conclusion that affirmative action, at this point in American history, is virtually indefensible. What's striking about the current political situation, in the aftermath of November 8, is how many other people apparently think so, too. Consider this: Charlie Rangel, second-ranking Democrat on Ways and Means, could produce only 10 of 15 possible Democratic votes against Chairman Archer's bill in committee, and was reduced to invoking Adolf Hitler in his churlish post-vote press release. Or this: Susan Estrich, no right-winger she, tells The New York Times (as quoted above) that the statute of limitations on slavery and segregation has run out, and that affirmative action should be scrapped. Period.

Of course, it's easy for Ms. Estrich to speak so bluntly and candidly; she has no current institutional responsibility to the Democratic Party, whose alignment of constituencies is such that any debate on affirmative action may blow it completely apart. Which is why Leon Panetta (also quoted above) is so eager to deny that affirmative action is a legitimate political issue at all—what kind of issue does he think it is, we wonder?—and why he wants us to understand that any near-term political movement on the question of race preference will be movement "backwards."

Republicans are not obliged to alter or trim their principles for the convenience of Democratic Party voter mobilization, of course, which is why we say: move forward—it's the right thing to do. Men like California state assembly Speaker Willie Brown will decry any rollback as "totally and completely racist" (USA Today, February 16). Jim McDermott (D-WA) will try to muddy the waters with a substitute to H.R. 831 that blocks the Viacom tax break while otherwise preserving the FCC program. And Mr. Panetta will probably warn, again, that "discrimination" needs a "remedy." But the guessing here is that neither Congress nor ordinary voters will be fooled. Discrimination does have a remedy; it's illegal. Affirmative action—counting citizens by race, and allocating benefits accordingly—is something else, something that increasingly strikes more and more Americans of all colors as fundamentally unfair and incompatible with their own best traditions and highest hopes. Witness the spectacular early success of the California Civil Rights Initiative (CCRI), whose sponsors haven't even begun collecting the requisite signatures for ballot approval in 1996, but is already considered a virtually sure thing for passage.

Congressional Republicans need not immediately reach for a CCRI-like magic bullet that would in one fell swoop erase every offensive jot of race consciousness from federal practice. Constructing such a law would be a complicated undertaking, in any case, so thoroughly has affirmative action buried itself in our laws and regulations. And the effort need not be rushed. It wouldn't be a bad thing to have the affirmative action debate again and again, program by program and law by law, as the next several months go by. It's only through such revealing debate, after all, that a full public consensus about the need to close our affirmative action era can be achieved. Bill Archer has done us the

service of beginning such a responsible and level-headed debate by readying Congress, for the first time in a quarter century, to dismantle a race-conscious federal program. Republicans should continue the service by doggedly pursuing the subject in the future.

The sudden willingness, even courage, of American politicians to challenge what was until very recently unchallengeable—racial preferences—is a clear sign of how completely November's Congressional election has altered our national landscape. Almost every American political piety of the past few decades is now squarely on the table, open for debate at last. These are debates that the Democratic Party, defender of the status quo, can only fear. And those Republicans who might privately worry over what to do once our first 100 days are complete can take heart: there is a broader, just as popular, just as principled agenda available for our future pursuit. Establishing a system of color-blind law and public policies is a not inconsiderable case in point.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. CANADY].

Mr. CANADY of Florida. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in opposition to the McDermott substitute.

The outright repeal of IRS section 1071 is essential if we are to start dismantling the failed system of race-based preferences and move toward the goal of a colorblind society.

The inherent flaws in the system which section 1071 perpetuates—a system which provides benefits to some members of our society and denies benefits to others based solely on their race or ethnicity—are undeniable.

Justice Sandra Day O'Connor, writing about the racial preference system in the case of Richmond versus J.A. Croson Co., said of such systems:

They endorse race-based reasoning and the conception of a Nation divided into racial blocs, thus contributing to an escalation of racial hostility and conflict . . . Such policies may embody stereotypes that treat individuals as the product of their race, evaluating their thoughts and efforts—their very worth as citizens—according to a criterion barred to the Government by history and the Constitution.

According to studies at Rutgers and George Washington Universities, FCC minority preference programs, including the application of section 1071, have done little to foster diversity in programing. Moreover, of the minority-owned radio stations that received FCC tax certificates between 1979 and 1992, only 29 percent of those stations were still controlled by the minority purchaser at the end of 1992. Many minority investors choose to quickly divest their interests and reap significant profits.

Under section 1071, we have the worst of both worlds: we perpetuate a system of racial classification—and at the same time provide enormous benefits to individuals who are far from disadvantaged.

By repealing IRS Code Section 1071, we will save the taxpayers $1.4 billion over 5 years. But just as importantly, we will eliminate a Federal program that has not only failed in its intended goal, but given credence to the idea that we should deal with people on the basis of the color of their skin.

I encourage my colleagues to oppose the McDermott substitute.

Mr. McDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, I support the bill but the substitute makes it much better. Speaker after speaker on both sides of the aisle have spoken about the need to pass legislation in the interest of tax fairness, giving self-employed a partial deduction, representing equitable treatment for the total tax deduction allowed businesses and corporations.

Tax fairness also makes it imperative we allow a deduction not just for the self-employed, but to all others who purchase their coverage because they are not covered at their place of employment. No one has offered one word of defense for treating businesses differently than self-employed or for treating self-employed different from all other employees.

Clearly all of us must believe when it comes to health insurance, corporations and those who are self-employed are no more entitled to tax breaks than all other men and women who purchase their health insurance. This substitute improves the bill and should be passed. I urge the Members of this House not to discriminate between business and self-employed or self-employed and all other employees. Pass the substitute.

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. RAMSTAD], a valued member of the committee.

Mr. RAMSTAD. Mr. Chairman, I rise in strong opposition to the McDermott amendment and in strong support of H.R. 831.

This measure restores the extremely important 25-percent deduction for health insurance costs for self-employed.

Mr. Chairman, it is grossly unfair that farmers, small business owners, and other self-employed Americans can't fully deduct health care expenses like other businesses.

Hundreds of thousands of self-employed Americans across the country are already preparing their 1994 tax forms. They need relief now.

This measure also rectifies a problem in the current tax code that has given a Federal agency unprecedented authority to craft tax policy.

That is why it is important to vote against the McDermott amendment, which fails to adequately close the section 1071 loophole, which costs taxpayers hundreds of millions of dollars a year.

Let us move quickly to pass the legislation and restore certainty and fairness to the lives of America's self-employed

I urge my colleagues to vote in favor of H.R. 831.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentlewoman from Washington [Mrs. SMITH].

Mrs. SMITH of Washington. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today in opposition to the McDermott substitute amendment. While the McDermott substitute also restores a small health insurance tax deduction for self-employed, it pays for it in a desperate and haphazard manner.

Both Republicans and Democrats alike realize the importance of the 25 percent health insurance deduction. This deduction restores an element of fairness to the system. For too long, self-employed individuals have faced daunting circumstances when attempting to obtain health insurance for themselves and their family. Because the 25 percent insurance deduction expired on December 31, 1993, self-employed individuals are facing a tax filing on April 15 without any deduction at all.

The very least this Congress can do is reinstate this deduction; more importantly, make it permanent. Do not play around with it, do not make it political just make it permanent.

I commend the chairman and the members of the committee for doing this so quickly because it will actually put money back in the hands of small businesses to pay for their own families' health insurance, which is what they need to do with this money instead of giving it to the Government.

I guess I want to conclude by saying it amazed me that a bill that seemed so good that came at the request of so many in my State of Washington would have so much political rhetoric behind it. It seemed so reasonable to pay for this bill by a tax loophole that has become a front by using minorities to be able to use them, so white billionaires could actually take advantage of a tax loophole. It amazed me that my colleagues, some from Washington, would actually support big business welfare and using people of minorities as a front.

Let us get back to the bill and the purpose of this bill.

Mr. McDERMOTT. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in full support of the McDermott substitute and against H.R. 831 as currently written.

Mr. Chairman, I rise in opposition to H.R. 831 and in support of the McDermott substitute.

Mr. Chairman, I strongly question the particular method by which my Republican friends purport to pay for the costs of the legislation before us—by retroactively eliminating the Federal Communications Commission's [FCC] minority tax certificate program to simply target a straightforward, legal transaction between an African-American entrepreneur, Frank Washington, and Viacom, Inc.

Ironically, eliminating the tax certificate program will have the effect of dooming this particular transaction and, therefore, any expected revenue to the Treasury as a result. In other words, yes that's right, my GOP colleagues will actually increase the deficit with this legislation given the fact that the revenue estimates from the Joint Committee on Taxation rely heavily on the Viacom deal, which is moot given the repeal of section 1071 of the Tax Code.

This retroactively smacks of political posturing, pure and purposefully.

The tax certificate program has been a key element in expanding the number of minority-owned and operated television, radio, and cable stations across our country and bringing more citizens into the great public policy debates of our time.

Despite the fact that diversity in these industries has been constitutionally upheld as a vital goal of U.S. telecommunications policy, despite the fact that today only 2.9 percent of broadcast firms are minority-controlled, despite the fact that undercapitalization continues to be a major impediment to minority representation in all telecommunications-related fields, the Republican leadership of this body sees the FCC minority tax certificate program as a needless initiative.

It was a sad commentary on the Republican party when it chose this undemocratic action of preventing minorities who wish to own and operate TV, radio, cable, satellite, et cetera from embarking upon the information superhighway. This clearly is a despicable undertaking to sever lines of open communication and to silence those who might counteract the debatable rhetoric of the rightwing airwave wordsmiths.

All the minority tax certificate program does is seek to create a fair opportunity for minority entrepreneurs that have, unfortunately, been historically locked out of the broadcasts and cable markets.

Do my colleagues on the other side of the aisle believe that diversity of ownership in the telecommunications arena is not a valid objective? I think not.

I urge my colleagues to vote no on H.R. 831, and reject this blatant Republican step in an inevitable series of attempts to roll back the clock on equal opportunity for America's minorities.

Mr. McDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. DIXON].

Mr. DIXON. Mr. Chairman, I rise in support of the McDermott substitute.

Mr. Chairman, I rise in support of the Gibbons-McDermott amendment. I rise also to express my deep concern about H.R. 831.

I strongly support the efforts of the Committee on Ways and Means to restore and make permanent the tax deduction for 25 percent of the health insurance costs for self-employed individuals. I cosponsored legislation to achieve that goal in the 103d Congress, as well as in the present Congress.

However, it is extremely unfortunate that the majority has chosen to pay for the deduction with the elimination of the minority preference program in broadcasting. If ever there was a situation where the best interests of one group of Americans is pitted against those of another—this is it.

From both a symbolic and practical standpoint, this is bad policy. For 17 years the Federal Government has sought to encourage minority entrepreneurs to enter the telecommunications market through the preference program. Now the committee has sent a signal that it is no longer necessary to work in an affirmative fashion to enhance minority ownership in the broadcasting industry.

Nothing could be further from the truth.

While there has been a fivefold increase in minority ownership of broadcasting stations since inception of the preference program, minority ownership currently stands at only 2.9 percent. Minorities are still vastly underrepresented in the broadcasting industry. Elimination of the preference program will serve to sanction that situation.

There was no legitimate rationale for the committee to eliminate the preference program. The substitute now before us was offered in committee to address criticisms of the program—but retain its basic goals. The majority chose instead to completely dismantle the program.

I take strong issue with the majority's contention that the Tax Code should be colorblind. Enhancing access to capital and encouraging minority entrepreneurship should be viewed as an essential element in this Nation's efforts to revitalize minority communities and empower Americans long denied opportunity. The Tax Code is an appropriate vehicle to achieve those objectives.

Enough has not been done; the playing field is not level, and preferences for certain groups of Americans historically denied opportunity are as relevant and necessary in 1995 as they were in 1978 when this program began.

The Republican majority is clearly committed to using the Tax Code to encourage a range of economic goals. I regret that expanding access to capital in the minority community is not one of them.

While I support making permanent the extension of the deduction for health insurance costs for the self-employed, I cannot support legislation that accomplishes that goal by denying opportunity to another group of Americans.

The Gibbons-McDermott substitute not only expands the health care deduction to employees whose employers do not subsidize their health care—it does so without elimination of minority preference in broadcasting.

I urge my colleagues to support the substitute.

Mr. McDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from Louisiana [Mr. FIELDS].

Mr. FIELDS of Louisiana. Mr. Chairman, I rise in strong opposition to the bill and in support of the substitute.

Mr. Chairman, while I rise in favor of the permanent extension of the current 25-percent health insurance deduction for the self-employed, I strongly object to the means by which the legislation proposes to replace the $2.9 billion in revenue which will be lost with a deduction for health care cost.

This bill is a double edged sword in that supporting a tax deduction for working Americans will injure other hard working Americans.

This legislation brings us to a crossroad, on one hand the self-employed benefit from deduction, and on the other we take away a policy the Federal Communications Commission established over 20 years ago. The tax incentives provided to businesses giving minority-owned firms has given opportunities to over 300 minority-owned firms increasing minority ownership from 0.5 percent to 2.9 percent. Repealing this law, today, severely effects the highly innovative and forward moving communications industry. While there is no proof that dismantling section 1071 will provide more revenues to make up for the 25-percent self-employed health insurance deduction there are facts to back up the need for this program. This program provides for program diversity which must not be abandoned. We can not let the bill stand as is.

Mr. Speaker, we must work to not allow the vying of one group of working Americans against another. It is not fair to ask us to support this and I hope Members will act responsibly and vote down H.R. 831.

Mr. McDERMOTT. Mr. Chairman, I yield 1½ minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Mr. Chairman, we must pass legislation to assure deduction of health costs for the self-employed. We also need to make sure that the present section 1071 is not violated in letter or spirit.

I believe that the Viacom transaction is so large that it goes beyond an appropriate use of section 1071, and the Gibbons amendment provides a reasonable middle path. It is appropriate to review programs that aim to encourage opportunities for minorities as to their specific purposes, their structure, and their effectiveness or lack of it. But there has not been a comprehensive review of section 1071. There was no hearing at all at full committee.

The facts are that since the FCC began to apply the tax certificate program to minorities, minority ownership has risen from a tiny half present to 3 percent. The vast majority of transactions have been quite small and the average holding period by the new owners has been 5 years, and in more than 100 transactions the original owners still hold the license. The McDermott language limits the use of 1071 to transactions with these characteristics.

It is said the law should be colorblind. That does not mean it should be blind to racial or other discrimination.

If the House does not adopt the Gibbons-McDermott amendment it will be up to the Senate to take a more comprehensive look at section 1071. It deserves that careful look, just as the deduction for health insurance deserves action tonight.

I support the Gibbons-McDermott amendment.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. WATTS], a new and respected Member.

Mr. WATTS of Oklahoma. Mr. Chairman, I have great respect for the men

and women on both sides of this debate on H.R. 831. However, in my opinion, I think much of the opposition's debate on H.R. 831 and repeal of 1071 is off point.

Many of my colleagues think that this repeal is pointed toward minorities. If we do away with this provision, then minorities would somehow lose out on benefits that could help them prosper.

In fact, the unintended consequence of this well-intentioned policy is to benefit the business that sells to a minority rather than the minority.

Moreover, since 1941 minority ownership of broadcast outlets has increased by less than 2.2 percent. We can encourage minority ownership by supporting measures other than this warped method of taxation.

□ 2030

This abuse of the system is the worst example of administrative interpretation gone awry. I think the intent was good, but clearly this was not its intended purpose. The purpose was not to allow companies to avoid millions of dollars in taxes. I ask those who agree and those who disagree with this bill and really want to make a difference in the prosperity of the minority community to join me and support free enterprise with capital formation and relaxing lending regulations. We need to support enterprise zones and give tax incentives for business development in areas that do not produce revenues now.

Most of all, we need to renew our culture and encourage basic education, and I take this opportunity to say, Mr. Chairman, give Americans a flat tax.

Mr. McDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman and members of the committee, I rise in strong support of the Gibbons-McDermott substitute to extend the 25-percent deduction to employees who are not eligible to participate in employer-sponsored health plans.

I noted with interest yesterday that the Republicans on the Committee on Ways and Means are looking for a definition of work. Well, they have to understand that that is what millions of Americans do every day when they get up out of bed; they go to work. Millions of Americans go to work and work every day, but they are not able to provide health insurance for themselves or for their family.

What the McDermott bill would do is to say that those workers are every bit as noble as self-employed individuals. This would make sure that we would have equity and fairness in providing the deduction so that people who take it upon themselves to go out and try to provide health insurance for themselves would get the same deductions as the self-employed individual.

When you find the definition of work, you will find there are millions of Americans that do it every day, and they ought to be extended the same dignity that you give to self-employed individuals.

Mr. ARCHER. Mr. Chairman, I yield 5 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], chairman of the Subcommittee on Oversight and a valued member of our committee.

Mrs. JOHNSON of Connecticut. I thank the chairman for yielding this time to me.

Mr. Chairman, repeal of section 1071 is not a retreat from our commitment to equal opportunity for minorities in America. In fact, the case for repeal is clear and convincing. No one can defend the deals that have been made under section 1071. Clarence McGee got a 29-percent stake in a station for the investment of $290 plus $106 million in borrowed money collateralized by the station's assets and cash flow.

Washington Redskins owner Jack Kent Cooke purportedly has received tens of millions of dollars of tax breaks from the FCC, using minority tax certificates four times in recent years.

In 1993, the Times Mirror sold four TV stations for $335 million to a "minority partnership," in which the minority partner invested $153,000 in borrowed money.

The Times Mirror, on the other hand, reportedly received a tax break of somewhere between $35 million and $80 million in the transaction.

Now, remember, folks, we had testimony in hearings over and over again that these deals are done at the market rate. The tax benefit goes to the seller, to the Times Mirror. That is who got the tax break. It is not the disadvantaged poor, it is the affluent rich, no matter what color their skin, that are getting the tax breaks from these deals.

Mr. RANGEL. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON of Connecticut. I yield to the gentleman from New York briefly.

Mr. RANGEL. I thank the gentlewoman for yielding. I will be brief.

Let me make it abundantly clear that the only reason that the big, rich, white folks get the tax benefits is because the minorities are not a part of understanding when these benefits are there. This is given to them to search out for minorities so we can get our foot in the door.

Mrs. JOHNSON of Connecticut. Reclaiming my time, there are many examples of very rich, affluent minority members who are benefiting from this program and others who are being made rich because they have the inside track on how to be part of these big deals. It is not your ordinary folk out there who on the whole are benefiting from these deals.

Let me address the issue of restructure and reform.

If the program is benefiting the wrong people, why not restructure it in form? First of all, there is no evidence that this approach works.

Over the almost 20 years of this approach, minority ownership has gone from 0.5 percent to under 3 percent. Over about 20 years, that growth is far more rationally attributable to the growth in wealth in the minority community than to this program.

Second, because the substitute continues the practice of a Federal agency handing out tax breaks, it perpetuates a loophole that will continue to benefit primarily the affluent doing big deals in America.

We heard over and over again how this program functions. We heard over and over again that there is very little evidence of any of its benefits, in part because the Congress would not allow the oversight work to proceed because it seemed to be demonstrating that the program was ineffective.

Restructuring cannot help a program that in fact does not work.

Furthermore, restructuring a program that gives a Federal agency the right to, on its own hook, hand out millions of dollars of subsidies is bad in principle.

I for one do not believe the day has come when we can eliminate affirmative action policies. But I also agree with Justice Sandra Day O'Connor that, "Because racial classifications themselves are inherently divisive, they must always be narrowly tailored to remedy the effects of past racial discrimination." As Johnathan Rauch, the author of an article on FCC programs, which recently appeared in the New Republic put it best:

> The policy, however admirable the intentions, makes a mockery of Justice Lewis Powell's pronouncement in Bakke: "Preferring members of any one group for no reason other than race or ethnic origin is discrimination for its own sake. This the Constitution forbids."

I urge a "no" vote on the amendment and a "yes" vote on the bill.

Mr. McDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. STOKES].

Mr. STOKES. I thank the gentleman for yielding this time to me.

I rise in opposition to H.R. 831 and in support of the McDermott substitute.

Mr. McDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BECERRA].

Mr. BECERRA. I thank the gentleman for yielding.

Mr. Chairman, let me thank the gentleman for yielding some time and acknowledge to the rest of the Members what I think we all know: Most of the people that have taken to this well to speak are here to support the health insurance tax deduction for self-employed, something we all believe should be extended.

But, unfortunately I do not believe a number of us could support H.R. 831 the

way it is. That is why we wish to speak on behalf of the McDermott amendment.

When you take a look at what we are doing here. We are cutting out opportunity for some to provide it to others. That is not the way to do it, to rob from Peter to give to Pauline.

If you take a look at your radio stations and your television stations, if you turn on that radio and change that dial or change the channel on that TV, everywhere across the Nation you can count up every radio station and every TV station, and you can only count up 323 stations that are minority owned. You can virtually count 323 stations just on your radio dial in Los Angeles alone, but throughout the Nation we have 323 that are minority owned.

□ 2040

And that is because we have this tax certification program that has helped raise that level of ownership five times. And now we are here to eliminate it without even having held a public hearing to discuss the merits of the program. Well, there are some in this House who would support the media magnate by the name of Rupert Murdoch and give him tax breaks but are not unwilling to support people who have been closed out from media altogether for far too long.

I would say we take a look at what we are doing here, take a look at who we are trying to give opportunity to and say yes to the McDermott amendment and no to H.R. 831.

Mr. MCDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HINCHEY].

Mr. HINCHEY. Mr. Chairman, it is obviously a good idea to allow people who are self-employed to deduct the cost of their health insurance premiums. And for that measure, this is a good bill.

The problem is, it does not go nearly far enough. Why only 25 percent? Why are we not allowing people who are self-employed to deduct the full cost of their health insurance premiums? This bill ought to do that.

There is another deficiency as well. This bill does not relate to the insurance premiums of employees. The McDermott substitute would correct that deficiency. People who are out working, working every day, carrying lunch pails, standing in line, working in supermarkets and checkout counters and factory situations, many of them do not have health insurance. We ought to make it possible for them to get health insurance, too. They ought to be able to deduct the cost of their health insurance, a minimum of 25 percent. They ought to be able to deduct the full cost of that health insurance. We really have not done our job unless we do that.

The McDermott substitute would provide at least the beginnings of that kind of allowability for deduction of those health insurance premiums. I very strongly support the McDermott substitute, because it will allow employees also to deduct the cost of their health insurance premiums.

Yes, let us do it for people who are self-employed. Let us not stop at 25 percent. Let us go to the full cost of that health insurance. But let us take the first step here tonight by passing the McDermott substitute and providing that people who are employees will also have the opportunity to get health insurance by deducting the cost of those health insurance premiums.

Let us pass the McDermott substitute.

Mr. MCDERMOTT. Mr. Chairman, do I have the right to close?

The CHAIRMAN. The right to close rests with the gentleman from Texas [Mr. ARCHER].

Mr. MCDERMOTT. Mr. Chairman, I reserve the balance of my time.

Mr. ARCHER. Mr. Chairman, as the Chair actually stated, we have the right to close, and I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, I rise in support of the McDermott-Gibbons amendment.

Mr. Chairman, I rise in support of the Gibbons-McDermott substitute for H.R. 831. Not only does the substitute provide for equitable tax treatment for the people most adversely affected by the absence of health care insurance, it also addresses, at least partially, a problem that Congress has failed to adequately address—the absence of health care insurance for hard-working Americans.

Why we continue to "stick our heads in the sand" and pretend we don't see or feel the cost of health care to people without insurance is beyond me. After we allow them to fall into financial ruin and poorer health due to exhorbitant health care costs, we then pay a lot more through government health care provisions and higher health insurance and service costs to those who still can pay for it. We will pay much more through these methods than we will for a 25-percent deduction for uninsured or underinsured individuals.

Employees in small businesses who are paying for health insurance are generally paying a lot more than employees in large group plans. The substitute will ensure that they can acquire more insurance or at least continue the limited coverage they already have.

I also believe that the modifications of the nonrecognition of gain for involuntary conversions under the FCC Tax Certificate Program in the Gibbons-McDermott substitute are also reasonable ways to address any perceived short-comings in a program that has proved highly successful in bringing minorities clearly into the mainstream.

Mr. Chairman, it is time that we face up to the cost of health care we are already paying indirectly. We should adopt the Gibbons-McDermott substitute as a part of directly recognizing and partially addressing a serious and ever-growing crisis for American families.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Mr. Chairman, I rise in support of the Gibbons-McDermott substitute.

Mr. Chairman, I rise in strong support of the Gibbons-McDermott substitute to H.R. 831.

Throughout the past Congress it was made unmistakably clear that our health care system and the way in which it is financed must be significantly reformed. Health care costs are escalating, placing a considerable burden upon the Federal and state governments, as well as the private sector. Additionally, the number of working Americans who lack any form of health insurance continues to increase. At last count, there were 37 million working Americans without health insurance—surely there are many more now. People without insurance do not cease to get sick, however, and someone—usually the doctor or hospital—must pay the bills. This causes prices to go up for all of us, making health insurance even less affordable than it is now. The Gibbons-McDermott substitute, however, takes steps to remedy this problem.

The Gibbons-McDermott substitute would expand the number of insured Americans in two ways. First, like H.R. 831, it would restore and extend the 25-percent deduction for self-employed individuals, which expired in 1993. Secondly, and most importantly, it would allow a 25-percent deduction for health insurance purchased by individuals whose employers do not provide health insurance. In this way, many of the more than 37 million uninsured Americans would have a new incentive to purchase health insurance. Again, only by increasing the number of insured people, can health care costs be reduced and health insurance be made affordable to all.

H.R. 831, however, unlike the Gibbons-McDermott substitute, would not add any additional incentives which were not already in place in 1993. H.R. 831 only reinstates and extends the then existing 25-percent deduction for health care insurance purchased by a self-employed individual. H.R. 831 does nothing to expand the number of individuals who have health insurance. The Gibbons-McDermott substitute, on the other hand, addresses the root cause of our health care crises—the fact that many working Americans cannot afford health insurance. By allowing those whose employer do not provide health insurance to receive the same deduction as the self-employed, all workers are put on a level playing field and have an equal incentive to purchase health insurance.

In addition to taking real steps to solve our health care crisis, the Gibbons-McDermott substitute significantly reforms, but does not eliminate the tax preferences which have been used to encourage increased minority ownership of broadcasting companies.

The Gibbons-McDermott bill would place stringent limits upon individuals who seek to benefit from tax laws encouraging the sale of broadcasting companies to minority-owned firms. The Gibbons-McDermott bill would: limit

the seller's deferrable gain on sale to $50 million; require minority purchasers to prove equity ownership; require minority purchasers to show voting control and management control; demand that minority purchasers hold their property for three years following its sale; and, prohibit ineligible parties from having the right to buy out minority investors. These provisions will not only allow minorities to participate in the largely white-controlled communications industry, but they will also provide safeguards against fraud and abuse by both the seller and the minority buyer.

H.R. 831, however, would completely gut this program. Its proponents argue that this program is costly and widely abused. The Gibbons-McDermott substitute, however, solves these problems. It limits costs by reducing the allowed deferrable gain to $50 million, and it adds significant protections against fraud by purchasers and sellers.

Most importantly, now is not the time to eliminate laws which encourage minority ownership of broadcasting companies. Because of this law, minority ownership has risen since 1978 from 0.5 percent to 2.7 percent of all broadcast stations. This more than 500 percent increase represents success by small, minority-owned businesses, which provide economic opportunities in their communities, add greater diversity in local broadcasting. Removing this protection would destroy all of the progress which has been achieved thus far, and would make it virtually impossible to achieve the goal of fairly integrating the ownership and operation of the broadcast media.

For the above stated reasons, I strongly urge that we vote to pass the Gibbons-McDermott substitute.

Mr. McDERMOTT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we are here today on a fundamental decision that nobody disagrees with. Everybody here believes that we ought to extend the 25-percent deduction for self-employed people for buying health insurance. But that is not the issue. The real issue here is how are we going to pay for it.

And when we brought this bill to committee, I offered a whole series of tax exemptions that we could have used to pay for it, but we chose the one that we are here dealing with today, which is section 1071 of the Tax Code.

Members may ask why we chose that one, and I will quote here from a memo from the Project for a Republican Future to the Republican leaders by William Kristol, dated February 21, in which he says, "the bill's true subject is affirmative action."

Now, this is like that story about the small boy standing next to the road when the King went by who said, the Emperor has no clothes. Mr. Kristol took the clothes off because he says:

> It represents a strategic, intelligent first step in what should be a major element of the Republican party's larger post-contract agenda, a roll back of the massive system of racial prejudices and set-asides that have come to infect federal law and American life over the last 25 years.

That is what this issue is about. That is why this was chosen as the way to fund this. There is no question. The consultants told them to do it, and that is what they did.

Now, I wish more than anything standing here, I wish this was a color-blind society. I wish that the gentleman from Texas [Mr. ARCHER] was absolutely correct. I wish we were not having this debate. But we all know this is not a color-blind society. The reason why we have these preferential tax credits and why they are there, everybody figured out, well, if we want minorities to know when a radio station or television station is up for sale, we got to have somebody who owns one go looking for them. Otherwise the decisions will all be made in the board rooms or at the local club or the golf course. And they will never ever know it was for sale in the first place. So when we put in this tax deduction, it is true, the minorities do not get it. They do not get it at all. But it gives them access, like we wanted to give last year, access in health care.

I accept a certain amount of, well, I do not know what, from Members about this being a rather modest health care reform proposal. I could make a much larger one here tonight. I would be glad to put it out here. But the fact is this is a modest proposal to give people access to buy radio, television, cable networks, personal communication. And the reason why this program is here is because of some words that Justice Blackmun said in a dissenting opinion. He said that "arrangements of successful affirmative action programs by race-neutral means is impossible." This means you cannot have a successful effort to bring women and minorities into the telecommunications industry without taking into consideration race and gender.

Now, nobody says this has been a roaring success. But it is a way that has worked. In my city there are two black-owned radio stations. There is one native American-owned radio station. And they came through this program. And there are 300 of them across the country that would not have been there had it not been for this program.

I am saying that I gave people a choice. Do we want to destroy this program, or would we like to tighten it up? All of us agree on this side that that was an egregious deal. Nobody is standing up here defending the Viacom deal, get that straight. But we do think that there is room for this program. It has a purpose and a place in our trying to deal in this society with the problems that we have had in the past.

For that reason, I urge the adoption of this substitute amendment.

Mr. ARCHER. Mr. Chairman, I yield the balance of our time to the gentleman from Texas [Mr. ARMEY], the respected majority leader of the House.

Mr. ARMEY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, let me just reiterate several points that the gentleman from Texas [Mr. ARCHER] has made earlier in this debate, because I think they are very important to our decision on the McDermott substitute.

First, the legislative history of section 1071 clearly shows that Congress originally intended the statute to apply only to involuntary sales of radio stations. The FCC itself has admitted that this rationale no longer applies.

Second, there is no requirement that one must be actually disadvantaged to qualify for the FCC minority tax certificate. Scarce Federal resources should be used to help those who are truly in need, not multibillion dollar telecommunications companies.

Third, there is no substance to the FCC's policy rationale of promoting programming diversity.

□ 2050

Our Nation's air waves carry abundant programming, directed at people of different races and ethnic backgrounds. In addition, public access channels have been set aside on the cable systems of every community to ensure that everyone in America has access to the Nation's air waves.

More important, studies show that minority broadcasters are driven by the same motives as any other broadcasters, to make money by maximizing ratings. Under our free market system, broadcasters have two basic choices. They can either design programming that will appeal to their audiences, or they can go out of business.

Mr. Chairman, the fact is that the diversity of programming premise is a red herring. The FCC uses tax certificates in its Personal Communications Services licensing program, and this has nothing to do with the originating or programming for the air waves.

Mr. Chairman, after we strip off all the veneer, what we are left with is this: the FCC is using the tax code to promote racial and ethnic diversity in the ownership of broadcast facilities, period. Although the FCC has not yet fixed a number on what it believes to be the ideal racial and ethnic mix, its policies come dangerously close to sounding like a quota system for minority ownership of communications companies.

Mr. Chairman, what is truly amazing is that in the mid eighties the FCC itself tried to examine whether its programs were constitutionally permissible. However, in 1987, the Democrat-controlled Congress stepped in and actually prohibited the agency from conducting such an examination, or addressing even the abuse in the tax certification program.

Section 1071 has already cost the Nation's taxpayers a bundle, and will cost them another $1.4 billion over the next 5 years.

Mr. Chairman, if someone came before the Congress today to propose giving a Federal agency the power to hand

out tax breaks to carry out whatever policies that agency decided to adopt, they would be laughed out of the building. Imagine the uproar that would be heard across this land if the Pentagon asked for such authority.

Moving the authority to issue the tax certificate to the Internal Revenue Service does not cover up that basic flaw. All that the substitute will do is eliminate the type of abusive transactions which prior congresses essentially forced the FCC to approve. It still keeps the FCC's basic policy in place, and that policy is offensive to the principle that our tax code should be color blind.

The time has come to repeal section 1071. I urge my colleagues to defeat the McDermott substitute, pass the committee bill, and demonstrate that the time has come in America where we dare to respect the best dreams of the true civil rights leaders in this Nation's history.

Ms. PELOSI. Mr. Chairman, I rise today to support the Gibbons/McDermott substitute to H.R. 831.

Mr. Chairman, this substitute would establish a 25-percent deduction for health insurance costs to employees not eligible to participate in an employer-sponsored health plan. For those employees whose health insurance is not employer-sponsored, this 25-percent deduction is an issue of fundamental fairness which deserves our support.

Denying employees who must buy their own health insurance the same deduction we give their employers ignores real need.

Had the Republicans on the Rules Committee allowed the rule for H.R. 831 to be open, rather than completely closed, we could be considering other meritorious amendments to this legislation, such as the proposal to extend the current deduction to 80 percent. Unfortunately this rule, like so many others we have seen was closed.

In addition, Mr. Chairman, the McDermott substitute would narrow the tax preference for sales of radio, T.V. and cable companies to minority-owned firms, rather than repealing it as under the bill.

Before section 1071 was enacted minorities owned virtually to TV or radio stations in this country. Thanks to this provision of the Internal Revenue Code, the numbers of minority owned media properties, while still very small, are growing.

Repeal of this section will completely undo the progress this Nation has made to provide opportunities for African-Americans, Asian-Americans, Hispanic-Americans, and others to fully participate in the economic and social fabric of our Nation.

I urge my colleagues to vote for the Gibbons/McDermott substitute.

Mr. BISHOP. Mr. Chairman, I rise in support of the Gibbons-McDermott substitute for H.R. 831. Unlike the committee bill, the substitute provides for both a permanent 25-percent health insurance deduction for the self-employed and a tax preference for persons who sell broadcast facilities to minorities.

Congress has provided for a health insurance tax deduction for the self-employed since 1986. As a freshman Member in 1993, I supported this deduction because it is good for business. It is good for farmers and for all who are self-employed. A self-employed individual should be permitted the same health insurance deduction that is provided to the Fortune 500 businesses. But at the least 25 percent.

Mr. Chairman, I feel strongly, however, that a vote in support of the health insurance deduction should not mean a vote against the tax preference for sales of broadcast companies to minority-owned firms. These two worthwhile policies should not be mutually exclusive. In 1978, Congress recognized the need for a tax preference for persons who sold broadcast facilities to minorities. The tax preference was developed in order to increase minority ownership of radio and television stations. Since that time, Congress has repeatedly reaffirmed this policy through annual appropriations legislation and the Reagan administration extended the policy to cable systems.

Today, nearly 20 years later, the need for incentives to increase broadcast diversity is even greater. Opponents of the tax preference program point to one apparently legal transaction and allege the absence of real minority ownership in that transaction. If the program is subject to this type of abuse, then let us engage in corrective measures rather than act as extremists and repeal the entire program. Don't throw out the baby with the bathwater. The Gibbons-McDermott substitute provides for such corrective measures. In addition to requiring that minorities demonstrate real equity ownership, it also requires minorities to prove voting and management control.

Mr. Chairman, I urge my colleagues to support the substitute bill which allows two beneficial policies to coexist.

Mr. BENTSEN. Mr. Chairman, I rise in support of the McDermott substitute to the bill. This amendment will restore and make permanent the 25 percent health insurance tax deduction for the self-employed and extend it to hardworking employees. This benefit will help small business owners, farmers and other self-employed individuals contend with rising health care costs. It will also help those working individuals who do not have health benefits without burdening businesses.

We must act now to help small business owners and employees who face real hardship when it comes to health insurance costs. As a member of the small business committee, I have seen and heard firsthand how much this deduction means to people who have to make ends meet solely for themselves.

Under the McDermott substitute, we have an opportunity to extend this deduction to individuals whose employers do not subsidize their health insurance. While I have publicly stated that we should treat the small business as we treat large corporations, the same should be true for employees who do not currently receive health insurance through their workplace.

We must ease the financial burden of employees without asking employers to pay. The McDermott substitute does that. This deduction, if enacted before the April 15 deadline, will provide substantial relief to over 9 million self-employed business owners, many millions more of employees, and hundreds of thousands of Texans who face their 1994 tax returns with real concern.

Ms. VELÁZQUEZ. Mr. Chairman, I rise in strong support of the Gibbons-McDermott substitute to H.R. 831. Not only does the substitute amendment restore the 25 percent health insurance tax deduction, but it also expands the benefit to employees who are currently ineligible to participate in employer-sponsored health plans.

Just as importantly, this substitute would expand the health insurance deduction without sacrificing the FCC's section 1071 program. In an increasingly diverse society, it is alarming that women and persons of color play such a small role in the broadcasting industry. We can never be guided by the truth if we turn a deaf ear to this Nation's many voices.

The section 1071 program's tax provisions have proven effective for enhancing the voices of women and minority individuals. Women and minorities held less than 1 percent of the total broadcasting licenses 16 years ago, before section 1071 was enacted. Although women and minority broadcasters still struggle, they now control 3 percent of all broadcast licenses.

Like any other program, section 1071 is subject to abuse. The Gibbons-McDermott substitute deals with these concerns as well. It would minimize minority ownership scams by requiring women and minority owners to both demonstrate equity ownership and substantiate voting and management control over their broadcast company. The substitute would also require minority owners to retain their FCC license for a minimum of 3 years.

Mr. Chairman, only the Gibbons-McDermott substitute offers both health and fairness. It will expand health insurance coverage, without sacrificing diversity on the airwaves. I urge support for the Gibbons-McDermott substitute.

Ms. BROWN of Florida. Mr. Chairman, I rise in strong support of the Gibbons-McDermott substitute to H.R. 831, the Health Premium Deduction for the Self-Employed. We all agree with the purpose of this bill which is to permanently extend the tax deduction for 25 percent of health insurance costs of self-employed individuals. This is an issue that was supposed to be addressed in comprehensive health care legislation in the last Congress. So while I support this tax deduction, I would ask that we not forget about the need in this country for health care reform.

This is a bill that should not have been controversial. I believe that it would have been passed without any opposition. Unfortunately, Members of the majority are using this bill to begin their assault on affirmative action programs. This is clearly just the beginning of a larger effort to dismantle efforts to assure that minorities can truly have an equal opportunity in the American society.

I stand before you tonight outraged and offended by the Republicans' decision to pay for this program by repealing the FCC's minority preference program. We all know that the tax code is filled with tax breaks for wealthy white men, and yet the Republicans have picked the only tax provision affecting minorities to repeal.

Nearly 20 years ago, the FCC established a policy of providing tax preferences for sales of radio, television, and cable companies to minority-owned firms. This policy has been supported by the past four administrations, both

Democrat and Republican. The aim of the program is to increase minority ownership of radio and television stations and thus promote the diversity of broadcast views.

Since this program went into effect, there have been over 300 sales to minority-owned firms, and minority ownership has increased from 0.5 percent to 2.9 percent. However, it is clear that more must be done. Minorities are still vastly underrepresented in the broadcast business with more than 97 percent of all broadcast licenses being held by white men. Without this program, the number of licenses issued to minority-controlled businesses would be far less as would the diversity of broadcast views.

That's why I would urge my colleagues to carefully consider the Gibbons-McDermott substitute. It's a good bill. The substitute finances the health care tax deduction by levying a punitive tax on wealthy people who give up their U.S. citizenship in an effort to avoid taxes and revises the rules governing foreign trusts. In addition, the substitute addresses legitimate concerns about the FCC's minority preference program. It requires minorities to demonstrate real equity ownership in the company; to prove voting control and management control of the purchasing company; and to hold the property for 3 years after the sale.

My colleagues, I look forward to the day when we don't have to have these laws, but it is clear and evident from the data and statistics that affirmative action is still needed to reverse past racial and sex-based discrimination.

I urge you to support the Gibbons-McDermott substitute.

The CHAIRMAN. All time for debate has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Washington [Mr. MCDERMOTT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GIBBONS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 191, noes 234, not voting 10, as follows:

[Roll No. 148]

AYES—191

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Danner
Deal
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson-Lee
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Laughlin
Levin
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Pickett
Pomeroy
Poshard
Rahall
Reed
Reynolds
Richardson
Rivers
Ros-Lehtinen
Rose
Roybal-Allard
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Tucker
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOES—234

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Boucher
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Cremeans
Cubin
Cunningham
Davis
DeLay
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Goss
Graham
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Paxon
Peterson (MN)
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Rangel
Regula
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—10

Borski
Crapo
de la Garza
Ehlers
Gallegly
Gonzalez
Lewis (GA)
Meek
Metcalf
Rush

□ 2111

Mrs. MORELLA changed her vote from "aye" to "no."

Mr. TAYLOR of Mississippi changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 2113

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose, and the Speaker pro tempore [Mr. WALKER] having assumed the chair, Mr. MCINNIS, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee, having had under consideration the bill (H.R. 831) to amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes, pursuant to House Resolution 88, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered and the amendment is adopted.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. STARK

Mr. STARK. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. STARK. I am opposed to the bill in its present form, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. STARK moves to recommit the bill H.R. 831 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

At the end of the bill insert the following:

SEC. 5. REPEAL OF MAXIMUM PERIOD OF MANDATORY CONTINUATION COVERAGE UNDER GROUP HEALTH PLANS.

(a) IN GENERAL.—Section 162 of the Internal Revenue Code of 1986 is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

"(o) GROUP HEALTH PLANS NOT PROVIDING EXTENDED CONTINUATION HEALTH COVERAGE.—

"(1) IN GENERAL.—No deduction shall be allowed under this chapter for any amount paid or incurred by an employer for any group health plan to which section 4980B applies if such plan fails to provide extended continuation coverage with respect to any qualified beneficiary (as defined in section 4980B(g)).

"(2) EXTENDED CONTINUATION COVERAGE.—For purposes of paragraph (1), the term 'extended continuation coverage' means coverage which would be required to be provided under section 4980B but for subsection (f)(2)(B)(i) thereof."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to qualifying events (as defined in section 4980B of the Internal Revenue Code of 1986) occurring before, on, or after the date of the enactment of this Act, but shall not apply if the period of continuation coverage required under section 4980B of the Internal Revenue Code of 1986 with respect to the qualifying event has expired before such date.

Mr. STARK (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STARK. Mr. Speaker, as I indicated, I am opposed to H.R. 831 in its present form. We can do better and we can go home tonight, and without any cost to the Federal Government and without any cost to American employers we can lift the fear from 3½ or 4 million American families, the fear that they may lose their extended coverage which they received under a bill that we passed unanimously.

This is a bill we passed unanimously in the Ways and Means Committee in 1985, under which over 36 million Americans have had continuation of group health insurance after they lost their employer- or would have lost their employer-based health insurance because of a change in family status, because of disability, because of a transfer, because a branch factory or factory closed.

This is a bipartisan amendment which adds to every word in the Republican bill. And all it does is extend permanently these extensions that are known as COBRA to nearly 4 million Americans so that the time clock will stop ticking and they will stop worrying about losing this protection.

Let me quickly address two concerns and they have only been raised modestly. One concern is it will take a little extra time. It will take 5 minutes of your time tonight, ladies and gentlemen, for a quick vote to add this amendment and to bring to thousands of people in your districts the peace of mind that their insurance will not end if they are currently under a group insurance plan with extended coverages.

Second, it has been claimed that employers might be saddled with additional costs under a complicated thing known as adverse selection. That is not true. The reverse is true.

Four million people becoming uninsured will add more costs through cost shifting to the total cost of all of our paying for health care coverage than a few people who might try and game the system. There will be no change in rate to employers. They will continue their same payment. The employee will pay 102 percent of the coverage instead of perhaps the 20 or 30 percent that he or she is paying now. It is as if I am paying $101 a month for Blue Cross under my Federal plan, just like many of you. If I were disabled and had to leave and did not have the generous continuation, I would then have to pay 400-some dollars plus $8 a month to the Clerk to bill me and I could continue my Blue Cross low option.

I want to extend that peace of mind to every American. And as I say, this does not have a partisan difference in it.

I ask Members' support for this so we can walk out of here tonight. This is a bipartisan bill. I subject this is a bipartisan motion to recommit, and I would ask Members to think about the people that will receive the good news that they will have a small tax deduction, those who are self-employed. Let us expand that. Both sides of the aisle have talked about the desirability of portability. This is not quite portability, but it is a step, it is a modest step toward getting the kind of health reform that we agreed last year was needed.

This is a modest proposal that was agreed to in some of the bills last year on both sides of the aisle.

□ 2120

So for a few minutes of inconvenience tonight, for one extra vote tonight, you can go home and say this, that for the 3,600,000 to 4 million people in America who sometime in the next 18 to 20 months will lose their health insurance—they are paying for it out of their own pockets, at no cost to the Federal budget, at no cost to their employer—we can extend that privilege.

If there ever was a time for us to come together to help those people, it is tonight.

Ladies and gentlemen, I implore you, we have our own Members who have children who are not covered because they are over 22 and they have to go off health insurance, buy COBRA insurance.

We have many cases throughout the land where this insurance will help families. I urge you to think tonight that we have no partisan difference, we have no cost to the budget, we can only help a few Americans who will be desperate to find health insurance if we do not.

Mr. Speaker, as stated, I am opposed to H.R. 831 in its present form.

We can do better. We can do better for American workers—without cost to the Federal Government, without cost to employers, and without delay.

Both the reason for moving this motion, and the remedy it contains, are very simple.

The purpose of this motion is simply to help Americans keep the health insurance coverage they have when they lose their job or have a change in their family status—in insurance lingo this is referred to as "portability."

This motion would improve health insurance portability through a very simple means—by eliminating the time restrictions contained in the current Federal health insurance continuation protections. These protections are often referred to as "COBRA" protections after the 1985 authorizing legislation.

Today, nearly 4 million Americans have coverage because of these Federal protections. But under current law, the protections are limited, to a maximum of 18 to 36 months depending upon the qualifying event. For these Americans, the clock is ticking. Their protections may soon lapse. Supporting this motion would stop the clock, and lock these protections in place.

Let me quickly address two concerns I have heard regarding this motion. Neither hold merit, and neither should delay us in protecting American workers and their families.

First, supporting the motion to recommit would in no way delay or jeopardize the underlying bill. If my motion is agreed to, it will require one vote on the motion and one vote on final passage. But if we exclude these protections, there will still be one vote on my motion and one on final passage. The assistance to be provided the self-employed will not be delayed one minute by the inclusion of these protections for workers.

It makes no sense to leave behind one group of Americans—America's workers—when we have a chance to simply and quickly pass legislation to give them all greater peace of mind.

Second, some claim that employers will be saddled with additional costs if this amendment passes. Just the opposite will actually result. This motion will reduce the cost-shift from uninsured Americans on to employers.

The individual or family member that chooses to continue coverage would pay 100 percent of the premium—150 percent in the case of disabled persons—plus a 2 percent administrative fee. The key for the former employee or their family member is having continued access to health insurance coverage at group rates. If this protection is allowed to lapse, these individuals and families are forced into the individual insurance market where rates easily become unaffordable as they can jump by 100 to 500 percent.

We can all agree that the cost of health care for those without health insurance often ends-up in the premiums of employers and other who purchase health insurance. My motion would reverse this cost-shift trend. Rather than become a drain on business or on government insurance programs, those allowed to continue purchasing health insurance at the more affordable group rate will continue to pay for their coverage. By keeping more Americans under the umbrella of health insurance, businesses would see a drop, not an increase, in the burden of uncompensated care.

We have been told of the need to take immediate action on H.R. 831 because the Federal income tax filing deadline is approaching. For the nearly 4 million Americans that have insurance as a result of the current time-limited insurance continuation protections, their deadlines are passing every day, and they are losing coverage. We need to act quickly on both of these measures.

I ask your support for this motion. A vote in favor of this motion is a vote to strengthen the health insurance protections of all Americans, not just the self-employed. For literally millions of Americans, time is running out.

The SPEAKER pro tempore (Mr. WALKER). The gentleman from Texas [Mr. ARCHER] is recognized for 5 minutes in opposition to the motion to recommit.

Mr. ARCHER. Mr. Speaker, I rise to oppose Mr. STARK's motion to recommit H.R. 831. His proposal was fully debated in the Ways and Means Committee markup on this bill and was defeated on a vote of 22 to 13.

Mr. STARK's proposal may appear to be a minor expansion of current law. However, the Stark instructions ignore the purpose of COBRA continuity coverage, place an unfair burden on business, and will almost certainly result in higher insurance premiums for both employers and their employees.

The intent of the COBRA continuity provisions in the Tax Code is to offer a transitional benefit for employees and their dependents when they lose health coverage as a result of a qualifying event. This transitional coverage is intended to extend only for a reasonable period of time, with the expectation that individuals would shortly become eligible for coverage under another health plan. Under current law, this coverage can extend for up to 18 months for former employees and 36 months for their families. Removing the limitation on an employers obligation is essentially a mandate to provide coverage forever. So, plain and simple, the Stark proposal is nothing more than a back door employer mandate.

This mandate on employers to cover people who are no longer connected to that employer in any way, for an unlimited period of time, is unreasonable and unfair. Furthermore, Mr. STARK's unlimited mandate would even require employers to permanently track individuals, who have never had a direct relationship with the employer.

It is also the case, that COBRA continuity coverage is generally used by people who expect to have major medical expenses.

Studies have shown that these former employees and dependents do not pay the true costs of their coverage. Instead, employers subsidize the cost of health care for former employees and dependents. This increases health insurance costs for employers as well as those employees who are contributing to their own premiums.

Extending COBRA continuity beyond its intended purpose would not only increase health care costs for employers and employees, but may even make coverage unaffordable for some employers now offering coverage.

That is why the NFIB and other small business groups so strongly oppose the Stark motion to recommit.

Mr. Speaker, there has been sufficient time for debate on this bill. The House Ways and Means Committee and the full House have expressed their will. We need to complete our work now to provide for those self-employed Americans who expect, and deserve to take this health deduction in April and not have to file amended returns.

Mr. STARK wants to reignite the debate over health reform at this most untimely point, and raise the issue of employer mandates. We will turn to health care reform as the schedule permits, but at this moment we should move with dispatch to reinstate the expired tax provisions.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. STARK. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 180, noes 245, not voting 9, as follows:

[Roll No. 149]

AYES—180

Abercrombie
Ackerman
Bachus
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Cramer
Danner
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Doyle
Durbin
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Forbes
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gordon
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Hastings (FL)
Hayes
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson-Lee
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
Lantos
Levin
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Peterson (FL)
Rahall
Rangel
Reed
Reynolds
Richardson
Rivers
Ros-Lehtinen
Rose
Roybal-Allard
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Skaggs
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Tauzin
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Tucker
Velazquez
Vento
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wise
Woolsey
Wyden
Wynn
Yates

NOES—245

Allard
Andrews
Archer
Armey
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Crane
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Dickey
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Edwards
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greenwood
Gunderson
Gutknecht
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann

Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Visclosky
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—9

Borski
Crapo
de la Garza
Ehlers
Gallegly
Gonzalez
Lewis (GA)
Meek
Rush

□ 2142

Messrs. CRAMER, HALL of Texas, STENHOLM, and BARCIA changed their vote from "no" to "aye."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. WALKER). The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ARCHER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 381, noes 44, not voting 9, as follows:

[Roll No. 150]

AYES—381

Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Boucher
Brewster
Browder
Brown (CA)
Brown (OH)
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Coleman
Collins (GA)
Combest
Condit
Cooley
Costello
Cox
Cramer
Crane
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeFazio
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehrlich
Emerson
English
Ensign
Eshoo
Everett
Ewing
Farr
Fawell
Fazio
Fields (TX)
Filner
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Green
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDade
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McNulty
Meehan
Menendez
Metcalf
Meyers
Mica
Miller (CA)
Miller (FL)
Mineta
Minge
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Royce
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Schumer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Traficant
Upton
Vento
Visclosky
Volkmer
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Ward
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wyden
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOES—44

Abercrombie
Becerra
Bishop
Brown (FL)
Clay
Clayton
Clyburn
Collins (IL)
Collins (MI)
Conyers
Coyne
Dellums
Dixon
Engel
Evans
Fattah
Fields (LA)
Flake
Foglietta
Ford
Frank (MA)
Hastings (FL)
Hilliard
Jackson-Lee
Jefferson
Johnson, E. B.
McKinney
Mfume
Mink
Owens
Payne (NJ)
Rangel
Reynolds
Roybal-Allard
Scott
Serrano
Stokes
Thompson
Towns
Tucker
Velazquez
Waters
Watt (NC)
Wynn

NOT VOTING—9

Borski
Crapo
de la Garza
Ehlers
Gallegly
Gonzalez
Lewis (GA)
Meek
Rush

□ 2150

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. RADANOVICH. Mr. Speaker, due to unavoidable travel delays I missed two votes taken Tuesday, February 21, 1995.

Had I been present I would have made the following votes:

First, yea on the previous question on Rule H.R. 831.

Second, yea on the rule on H.R. 831.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 830, PAPERWORK REDUCTION ACT OF 1995

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 104–43) on the resolution (H. Res. 91) providing for the consideration of the bill (H.R. 830) to amend chapter 35 of title 44, United States Code, to further the goals of the Paperwork Reduction Act to have Federal agencies become more responsible and publicly accountable for reducing the burden of Federal paperwork on the public, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 889, EMERGENCY SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS, 1995

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 104–44) on the resolution (H. Res. 92) providing for consideration of the bill (H.R. 889) making emergency supplemental appropriations and rescissions to preserve and enhance the military readiness of the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes, which was referred to the House Calendar and ordered to be printed.

PERMISSION FOR CERTAIN COMMITTEES TO SIT TOMORROW, WEDNESDAY, FEBRUARY 22, 1995, DURING 5-MINUTE RULE

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit tomorrow while the House is meeting in the Committee of the Whole House under the 5-minute rule:

Committee on Banking and Financial Services; Committee on Commerce; Committee on Economic and Educational Opportunities; Committee on Government Reform and Oversight; Committee on International Relations; Committee on Judiciary; Committee on National Security; Committee on Science; Committee on Small Business; and Committee on Transportation and Infrastructure.

It is my understanding that the minority has been consulted and that there is no objection to these requests.

The SPEAKER pro tempore (Mr. WALKER). Is there objection to the request of the gentleman from Texas?

Mr. WISE. Mr. Speaker, reserving the right to object, and I shall not object, the distinguished majority leader is correct. The minority has been consulted. We wish to express our appreciation for the willingness of the Committee on the Judiciary, I believe, or whomever is handling the product liability legislation, to defer that until after the Democratic Caucus is able to meet with the President of the United States tomorrow.

I would also note, continuing my reservation of objection that as the welfare reform bill moves, there is going to be a need for negotiation on that as well, in terms of the committees sitting, but that is a subject for tomorrow, and this unanimous-consent request, of course, only extends for tomorrow. I know other negotiations will take place.

Therefore, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL LEAVE

Mr. CHRISTENSEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 831, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

THE MINIMUM WAGE AND REAL WORLD EXPERIENCES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. SAXTON] is recognized for 5 minutes.

Mr. SAXTON. Mr. Speaker, I would like to tell you about a letter that was sent to me from Mr. Edward Satell. Ed is the president of Progressive Business Publications, a small company in Pennsylvania that publishes newsletters for business executives.

The letter Ed sent to me was dated August 1993 and was addressed to Professors David Card and Alan Kruger of Princeton University, and interestingly associates of Secretary of Labor Reich. The letter was a response to a New York Times article which hailed Card and Kruger's studies on the minimum wage.

And, I might add, these are the same studies conducted by the same professors that the Clinton administration has been glorifying in their efforts to push a higher minimum wage through this House.

In the letter, Ed noted that the 6 branches of his company provide about 300 full-time summer jobs to college students in the greater Philadelphia area.

He said he was thinking about setting up two offices in south Jersey, where my constituents live, but instead he decided to open a couple of more offices in Pennsylvania.

You see, New Jersey had just increased their minimum wage and kept these jobs away from my constituents.

I am going to read some excerpts from Ed's letter that demonstrate how a successful entrepreneur can expand his business and reward his workers without government intervention.

He said,

> Our employees have income incentives in addition to the base salary. The result is the vast majority make substantially more than the minimum wage. But the minimum wage is important to us as it sets the base from which the incentives begin.
>
> We give three incentives, all of which work well:
>
> A. 25 cents per hour if the employee comes to work on time each day during a given week. With my workers this incentive influences the work ethic and helps productivity.
>
> B. 50 cents per hour [is added] if the employee works for ten weeks like they agree to do at the time they are hired. This cuts down on turnover and adds to productivity.
>
> C. Performance bonuses that can add an additional $6.50 per hour [think of it, a total of $11.50 per hour].

□ 2200

He goes on to say: "If the minimum wage were higher, it would have to be offset by lower incentives or fewer workers or both."

Madam Speaker, Ed has shown us exceptional creativity in increasing the productivity of your business by rewarding your best workers and helping them develop a strong regard for their work. I only wish that New Jersey's minimum wage hadn't inhibited our ability to attract these jobs to southern New Jersey.

By the way, since Ed sent his letter to Professors Card and Kruger, not even 2 years ago, his business doubled its employment, from 300 to 600 employees. I guess I should add that I wish New Jersey's minimum wage hadn't inhibited Ed's jobs from coming into my State.

Ed's experience supports the bulk of scholarly evidence. The losses in jobs incurred by an increase in the minimum wage are concentrated among young, and low-skilled workers.

Ed also points out that Card and Kruger's study was with the fast-food industry, an industry that is "a rather healthy, fundamental, and pervasive business." He adds, "This distorts the picture. I don't think the results would be the same with businesses that are not as fundamental and are thus more optional." Business, "like mine," he said.

What is more amazing, Madam Speaker, is that Card and Kruger seem to acknowledge these facts. In a reply to Ed's letter, they admit that there are job losses which accompany minimum wage increases.

Then they thanked him for sharing his real world experiences.

Well, I'm no Princeton economist, but I do know that in business, there are nothing but real world experiences. It's pretty sad that these two Ivy League professors, trapped in the ivory tower, have completely lost touch with reality.

They make no sense to me at all.

They admit that job losses result from minimum wage increases, but then they turn around and insist that their narrow, error-laden studies about fast-food restaurants in New Jersey demonstrate that a minimum wage increase results in job gains. What's even sadder is that the Clinton administration is buying it.

Madam Speaker, with a national minimum wage increase, Ed Satell won't have the choice between New Jersey and Pennsylvania any more and many of his young workers will just be out of luck.

TRADE

The SPEAKER pro tempore (Ms. MOLINARI). Under a previous order of the House, the gentlewoman from Ohio [Mr. KAPTUR] is recognized for 5 minutes.

Ms. KAPTUR. Madam Speaker, the U.S. merchandise trade deficit widened last year to $166 billion, the worst performance in the history of the United States. What does that $166 billion deficit mean? It means $166 billion worth

of U.S.-made goods were lost to import sales in our own marketplace. It means jobs lost here in America. And it means in order for us to pay the bills, more foreign investment here in the United States on which our people end up owing principal and dividends to others off shore, not ourselves.

Incredible as it may seem, what does the executive branch's Trade Ambassador say about all of this? Well, he just turns his back. He said, "It is not the worst." He says he is happy as a clam that exports rose 12 percent last year.

But, my friends, that is only half the ledger, because imports rose even more, nearly 16 percent. The flow is heavier and heavier in the wrong direction. If you are $166 billion more in the hole, how can it be a good outcome?

In fact, the trade numbers for last year were worse than they were in 1993 and worse than in 1992 and worse than in 1991. If this administration's trade policies are so good, why are the numbers worse than even in the Bush years which, by the way, back then were the worst ever in the history of the United States? Remember, each lost billion represents 20,000 jobs the United States shuttled out to somewhere else.

Think about this. Last year the United States sucked in a staggering $800 billion worth of foreign-made goods, much of the goods we used to make here. And have you noticed prices have not gone down?

We sucked in $66 billion more from Japan than we exported from them. That has been a continuing hemorrhage through our adult lifetimes. We sucked in $26 billion more from China than we exported there, a nation not known to respect political freedoms for a free market or the rule of law. And this year it is anybody's guess how many billions more we will suck in from Mexico that we export down there. Our former trade surplus with Mexico bit the dust late last year, even before the peso devaluation.

So, when you look at your paycheck and wonder why you have not been keeping pace with price increases, ask yourself what would happen if the United States and your community made $800 billion more of goods right here in the U.S.A.? Think about it. For those of us old enough to remember, we would be in Ozziet and Harriet land once again.

MEXICAN BAILOUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon [Mr. DEFAZIO] is recognized for 5 minutes.

Mr. DEFAZIO. Madam Speaker, a lot of news is about trade today and it is all bad or it is bad if you care about the economic future in the United States and you care about the conditions of working people and wages in the United States. Might be good if you are a multinational corporation and looking for cheap labor elsewhere and looking for ways to profit. But not to further the future and the economic prosperity of our own Nation.

The administration is very proud they finally struck a deal on the Mexico bailout. Great deal: $20 billion, $20 billion up front from the United States of America. Mr. Kantor, the special trade representative, is downright proud that we were able to get this deal. And it is a really bad deal for people on both sides of the border, it is an incredibly bad deal for the people of Mexico. It is expected that it will cause a recession in Mexico, it will drive interest rates up to 50 percent in Mexico, it will cause businesses to fold in Mexico because most of them have adjustable loans so their rates are going up dramatically and quickly.

Banks will fold in Mexico. And wages are now at 40 percent of the level of 1980, despite the increases in productivity.

Well, maybe it is a good deal on our side of the border and that is why he is so happy. Well, maybe not.

First off, $20 billion at least. We do not know how much money the Federal Reserve has secretly shipped to Mexico, how much we are involved in the funds coming from the international institutions.

But it is a lot of money. And money that could have been spent productively here at home.

But beyond that we have some analysis now, analysis by DRI McGraw Hill, a private consulting firm in Lexington, Massachusetts. It says that U.S. exports to Mexico will drop by $10 billion this year, leading to a loss of 350,000 U.S. jobs. So we are going to pay $20 billion of our taxpayers' money to ship 350,000 family-wage jobs to Mexico. Now that is a great policy.

But they tell us do not worry, it is all short term, it all will get better. In fact, Chase Manhattan has a memo and it says quite frankly they can fix the problems down there in Mexico, they just have to do a couple of things. The government will need to eliminate the zapatistas to demonstrate their effective control of the national territory and of security policy, if they want to encourage further investment in Mexico.

□ 2210

It seems Chase Manhattan is pretty upset that they wagered—and that is what this is about—wagered a huge amount of money in Mexico trying to get obscene rates of return. Now they are upset that the junk bonds they bought have turned truly to junk and are worthless.

These are policies that are not in the long-term interests of the United States of America, nor the people of Mexico. It is time that we began to get straight about our trade policy in this country.

I introduced legislation earlier this year to repeal the benighted NAFTA Agreement, and at the time people thought, "Well, that is a pretty far-out thing." I would say, given the events since then, given the massive bailout, given the huge loss of jobs we now admit we are going to suffer into the indefinite future, is it not time to revisit that agreement?

It is not good for people on either side of the border. It causes tremendous harm.

Let us rip it up and start over again.

UPDATE ON THE PERSONAL RESPONSIBILITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. GREEN] is recognized for 5 minutes.

Mr. GENE GREEN of Texas. Madam Speaker, I take the floor to continue the discussion about the Personal Responsibility Act. The Goodling substitute of the Personal Responsibility Act which will be taken up in the Economic and Educational Opportunities Committee tomorrow will cut funding for child care in the State of Texas from fiscal year 1996 through 2000 over $485 million.

The Personal Responsibility Act will repeal all Federal programs that deal with nutrition, including the school breakfast and lunch programs, and restrict nutrition programs under the Older Americans Act.

I am happy that the Republicans realized that being "penny wise and pound foolish" with the cuts in senior nutrition programs was not good policy and were simply unworkable. However, senior nutrition programs are not the only programs which should be taken out of the Personal Responsibility Act.

I suggest that all nutrition programs be withdrawn from the Personal Responsibility Act and discussed in the context of the people participating in the programs. For example, school breakfast and lunch programs should be discussed in education or health reform along with nutrition programs for women, infants, and children. Not simply in terms of reforming welfare.

School nutrition programs provide food assistance in a school setting, such as the Port Houston Elementary School with Principal Maria Sierra, and not cash paid directly to any individual person. Recently, I had a town hall meeting at Port Houston Elementary. Feeding hungry children is not welfare when it is at school and providing a nutrition meal to start the day. Studies show that hungry children cannot learn. We are endangering our future by not providing nutrition to children. We should be using nutrition programs to encourage children to learn.

Again, I suggest to my colleagues on the other side that all nutrition programs which do not go directly to individuals should be taken out of this act.

Finally, under summaries provided by the Republicans of the Goodling substitute, several references are made to the funds being increased. However, estimates provided to my office by the State of Texas show the states' school nutrition programs taking a 6.5 percent cut in funding. This is when we have more children every year needing food.

I leave on this last note. Do we wish to be the Congress which cuts funds to feed even one hungry child? This may be reform but at what cost. Are we hard hearted enough to deny food to children?

FEBRUARY 22, 50TH DAY OF THE 104TH CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. FOX] is recognized for 5 minutes.

Mr. FOX of Pennsylvania. Madam Speaker, Wednesday, February 22d marks the 50th day of the 104th Congress—the half-way point of the most successful "100 Days" periods in decades. We have conducted more committee hearings, held more votes, and debated the issues longer and harder than any Congress in recent memory. We made real progress on the Contract With America we pledged to enact. But most important is what all this activity means to families in our communities and our districts.

It means with the passage of our crime bills that our communities and states will have the flexibility to decide how best to spend federal crime prevention grants. We put an end to playing games with promises of 100,000 new police. Let us be clear—the 1994 crime bill never fully funded 100,000 new police. In six years, the money runs out and our communities are stuck with the bill. This year we reformed that law, so local municipalities have the flexibility to spend that money however it suits their crime-fighting needs—new police, crime prevention programs, new equipment, community policing, even a patrol car if that is the best way to fight crime. Those communities that have received initial grants will be funded under the current program.

Our new crime bill goes even further. We provide incentive for States to ensure that violent criminals are incarcerated and we're requiring criminals convicted in Federal court to make restitution to their victims.

This new Republican Congress promised a back-to basics approach in Washington, and we have been keeping that promise. We cut our budget, and slashed committee staff on our first day. We passed a bill requiring Congress to live under the same laws that every small business lives under.

The House passed a balanced budget amendment to force Congress to live within its means. This is more than an accounting device to make some bureaucrats in Washington feel good. It is about our children and grandchildren and their futures, and about putting an end to the immoral practice of piling the national debt on our future generations. I hope the Senate follows the House's lead and passes the balanced budget amendment.

For more than a decade, Republican Presidents have asked Democrat Congresses to grant them a line-item veto to control wasteful spending and outrageous pork projects. The Democrat-controlled Congresses never gave Presidents Reagan or Bush this tool. Just a few weeks ago, the Republican-controlled Congress extended this power to a Democrat President.

We also passed the unfunded mandates proposal. That will prohibit the Federal Government from passing on the costs for each program to local and State Governments without Washington, DC, participating in the program at all.

Last week, also restored some common sense to our national security and international relations policies. We passed a bill restricting the use of U.S. soldiers in U.N. missions. And we're requiring that U.S. soldiers be deployed to support missions only in our national interests. We have so few defense resources, we must ensure that we use them wisely. Our most precious national security resource—our men and women in uniform—must have the tools and training to be ready for any conflict.

What has been most impressive about all these successes has been our ability to attract significant bipartisan support. These have not been razor-thin partisan fights that we have seen in past Congresses. The reason? We have passed these policies as supported by the American people and by a bipartisan Congress. We are not just passing bills, we are trying to get communities and families the tools to make their lives a little safer and the children a little less saddled with national debt. We are making government smaller, less costly and less intrusive.

In the first 50 days of this Congress we have met that challenge, and we are looking forward to the future to finishing this, to get the contract finished in the next 50 days.

MORE ON THE DEDUCTION FOR HEALTH CARE COSTS OF THE SELF-EMPLOYED

The SPEAKER pro tempore (Ms. MOLINARI). Under a previous order of the House, the gentleman from Illinois [Mr. EWING] is recognized for 5 minutes.

Mr. EWING. Madam Speaker, I come here tonight to talk for a few minutes about the action that this body took tonight in passing the deduction for health care costs, insurance costs for the self-employed. It was something that many Members on our side of the aisle wanted to discuss, and there was not literally time for all of us who wanted to debate this important issue to talk and to express to our constituents our support for this important measure.

First of all, this was a tax fairness issue. Most people who work for major corporations get their health care insurance paid for, and that corporation deducts that from the bottom line. It comes out of the profits before they pay taxes. But the self-employed did not get that benefit. We have had it in the past, but it expired at the beginning of 1994. And here we are, in 1995, renewing a tax benefit for the small people in this country, for the self-employed in this country. And we are not doing it until February 1995.

Certainly, what we did here tonight was right. By the very vote, the overwhelming vote that it got from this body, it was correct. And I hope that the other body will soon follow suit and pass that tax deduction for health care costs and make it permanent. But we are not very taxpayer-friendly when we wait until February to pass a tax benefit for the little people in America for the year before.

I come from a rural part of Illinois, and many of my constituents have to file their tax returns by March. Farmers file their tax returns by March. Unfortunately, many of them have had their appointments, have come in and done their tax work and now today we are going to find they have a new tax deduction which they can take. That is what I mean when I say what we did here was not very taxpayer-friendly.

But I am pleased that this deduction, which will cost the Treasury, is being paid for by reduction in other Government expenses.

What we do to help small business helps support the very backbone of this country. Small business creates more jobs than all the big industries in America, and what we did today to make health care more affordable is the type of health care reform we need in this country, paid for by the private sector, health care reform that is not Government controlled.

Madam Speaker, I cannot tell my colleagues how pleased I am that this passed with such an overwhelming bipartisan vote on both sides of the aisle.

REINVENTING GOVERNMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah [Mr. ORTON] is recognized for 5 minutes.

Mr. ORTON. Madam Speaker, tonight I will talk about efforts taken by the Department of Housing and Urban Development to revitalize

and reinvent the FHA single family housing program.

Created in 1934, the Federal Housing Administration—also known as FHA—has played a critical role in making homeownership a reality for more than 21 million Americans. Last year alone, FHA insured over 1.3 million single family loans, including 450,000 for first-time homebuyers. FHA carries out its mission of expanding homeownership through private sector lenders who have direct contact with borrowers. And, it does so without costing the taxpayer a single dollar, since homeowner premiums fully fund a reserve against future losses and pay all related administrative costs.

Commendably, however, FHA has not been content to rest on its record of accomplishments. It has aggressively developed and implemented changes in line with the overall reinventing government program. Let me tell you what has been done, and what is yet to be done.

Several years ago, largely as a result of regional recessions in some parts of the country, some concern developed over the long-term health of the FHA single family mortgage fund. This problem was promptly resolved through a change in the premium structure—the source of revenues for the program. As a result, the FHA reserve account easily exceeds required capital ratios, and Price Waterhouse has attested to the financial health of the fund.

As part of the reinventing government program, FHA has moved recently to cut costs, streamline operations, and improve customer service through consolidation of loan processing offices. Last year, FHA announced the opening of a regional loan processing center in Denver, CO. This center will perform loan processing that had been carried out by 17 HUD field offices in the Rocky Mountain and Southwest portions of the country. This consolidation should save approximately $4 million a year. It is also expected to reduce loan processing time—from an average of about 5 weeks down to an average of about 5 days.

Just recently, FHA also announced changes in underwriting guidelines, to keep pace with procedures in the private sector. These changes more fully recognize second job and overtime income—a reflection of the increased importance that family earnings power plays in qualifying for mortgages. FHA will also permit automated credit reports that provide faster turnaround time, at a lower cost to the borrower. The result of these changes should be a more responsive and market-oriented FHA.

Finally, there are changes FHA has proposed which cannot be accomplished by administrative action, but rather will require statutory legislation. For example, last year, FHA made recommendations which included a proposal to allow private mortgage lenders who underwrite FHA loans to issue their own mortgage certificates. I have heard from many FHA lenders who have complained bitterly about long bureaucratic delays in the actual paper issuance of these certificates—a delay that would be eliminated by this HUD proposal. Last year, the House responded by including this proposal in the housng bill. However, the Senate did not act on this bill, and the proposal died. This change alone could result in a substantial reduction in FHA personnel and improve responsiveness to lenders and borrowers.

This change is just one provision included in legislation I have recently introduced to modernize the FHA program. Other provisions in my bill—H.R. 487, the FHA Modernization and Efficiency Act—include an elimination of the current prohibition against parental loans to help their children buy a home; a simplification of the down payment formula, permitting two-step mortgages; and others. I believe we should pass these provisions, to continue the effort to keep FHA an aggressive, innovative provider of homeownership opportunities.

Finally, the future of FHA itself appears to be in question. We are beginning to hear calls for the end of HUD and the privatization of FHA. I believe this would be a serious mistake. Privatization of FHA would almost surely mean an end to the public mission to serve moderate income, first-time homebuyers. It would also mean an end to FHA's continued presence in geographic areas buffeted by recession.

That is why I strongly support the administration's reinventing government proposal to make FHA an independent public corporation. This would maintain FHA's mission of increasing homeownership. It would accelerate the efforts I have discussed here tonight to modernize FHA, to make it more responsive to market demands and innovative products, and less like a bureaucracy. And, it would reaffirm the principle that creating opportunities for all Americans is what government should really be about.

Mr. Speaker, I thank you for my time.

THE SELF-EMPLOYED DEDUCTION FOR HEALTH CARE COSTS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE. Madam Speaker, to my colleagues, I would like to say, let me acknowledge this evening my recognition and appreciation for the Houston Livestock and Rodeo Show, an entity in the city of Houston and the county of Harris in the State of Texas that has worked so hard to provide opportunities for inner-city youth and youth throughout our community by providing not only entertainment with real cowboys but also scholarships for greater opportunity. And they seek to provide those scholarships to a wide diversity of individuals in our city and in our county and in our State.

But as well tonight I want to speak just a moment about the vote that I took this evening. Tonight I voted for working Americans from all backgrounds. Specifically I voted to extend permanently the current 25-percent health insurance deduction for the self-employed. However, in addition, I voted for more hard-working Americans, employees whose employers do not subsidize their health care, having a deduction beginning now in 1996. This deduction would be phased in. In 1996, the deduction would be 15 percent of the employee's health insurance premiums and by 2000, the deduction would increase to 25 percent of the premium just like the deduction for self-employed individuals. The McDermott-Gibbons substitute was clearly the better deal for the needs of working Americans, the self-employed, and for employees with no health insurance. We fixed what was broken, a good deal. However, what the McDermott-Gibbons legislation did not do was give a raw deal to a valuable goal to allow minorities to access fairly ownership of radio and television broadcast stations and to increase minority ownership of cable television systems as well.

Certainly, the Republicans know what controlling the media is all about, while they will blast the talk shows with the misrepresentation that their bill helped Americans with health care, false. It leaves out secretaries and clerks and other workers without health insurance, and it does so by breaking the backs of hard-working minority entrepreneurs who, since 1978 and with the FCC's section 1071, have moved from less than one-half percent minority radio and TV broadcast ownership to now about 3 percent.

Why slam all of our desires for good health care with the divisive dismantling of the mere empowerment of minority purchases of broadcast media? Let us reform FCC section 1071. I want to do that. I am a taxpayer, and I support taxpayer reform.

However, let us not stop the access to the first amendment of hard-working business persons never before given such a chance. This is simply a back door attempt, poised to further undermine racial cooperation in this country. If it was not, we would not have heard the Republicans raising the high platitudes of color blindness and the raising of Hispanic and African-American self-employed persons as a reason for their support of busting a program that would allow minorities for the first time to own radio and TV stations. The money to pay for the health insurance deductions for the self-employed and hard-working employees, as I voted for, is already there. Without the talk show fodder already being prepared for tomorrow, "we won the first blow to show those minorities that we live in a color-blind society." Well, the headline will already be stated and will read tomorrow, and should really be reading, "The Republicans do it again. Real working Americans, secretaries, clerks, and others left with no health insurance deductions and, yes, minorities again sent into media darkness, again, another blow to the first amendment."

REINVENTING GOVERNMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentlewoman from New York [Mrs. MALONEY] is recognized for 46 minutes as the designee of the minority leader.

Mrs. MALONEY. Madam Speaker, I am very pleased to convene tonight's special order to discuss dramatic improvements in how the Federal Government does business. These improvements have come thanks to the Clinton administration and the 103d Congress' efforts to reinvent government. The American people's faith in government is at a historic low. Recent surveys show that only 17 percent of Americans believe in the ability of their government. Outcries for change in both the 1992 and 1994 elections speak for themselves. But stump speeches denouncing government have successfully obscured the fact that government is changing. It is getting smaller, more efficient and more user friendly.

For the past 2 years, we have been working to implement the recommendations of Vice President GORE's National Performance Review. Implementation of these major reforms involves hard and patient work in the nuts and bolts of government management.

It is not flashy or eye-catching, but it is getting results.

Tonight my colleagues and I will offer real-life examples of how government for the first time in a generation is actually working better with less people and fewer resources than it did the year before. As I mentioned earlier, the restructuring was first announced by Vice President GORE in a report of the National Performance Review from redtape to results, creating a government that works better and costs less.

□ 2230

This ongoing initiative has four main themes: customer service, procurement reform, eliminating obsolete programs, and reducing the Federal workforce.

Think back for a minute to a memorable sporting event, the Super Bowl or the World Cup. Think about the size of the stadium, like the Rose Bowl, one of America's largest, filled to capacity. That is the net number of people, over 100,000 to date, that the Clinton administration has taken off the Federal payroll, 100,000 people whose salaries and benefits the taxpayers no longer have to pay.

Madam Speaker, 2 years from now, that number will grow to 272,000, enough people to fill nearly three Rose Bowls. This year, Penn State won the Rose Bowl, but Vice President GORE deserves the national championship for leading this downsizing effort.

Today the number of employees of the Federal Government is at the lowest level since the Kennedy administration. Because of this action taken by President Clinton and the Democrats in Congress, there are fewer Federal employees than under the so-called Republican fiscal conservatives: Presidents Nixon, Ford, Bush, and even the Gipper. This, Mr. Speaker, is an amazing accomplishment.

I just want to show it on this chart. This was in 1963, the Kennedy years; it has gone up, and for the first time it is going down, and we have reduced government by over 100,000 employees.

Due to other initiatives in reinventing government. Employees still working for the Federal Government are able to interact with the public in a more intelligent and friendly manner. I will give one example from my district in New York City.

For years, the Veterans Administration has carried a terrible reputation among veterans. Notorious even within the VA was the New York regional office. Before Clinton and GORE, an application for veterans benefits would be handled by at least 12 employees working in 4 separate operations.

However, if a veteran actually showed up in person, they would not meet with any of the 12 people who handle the application. Instead, he or she would meet with a benefits counselor, employee No. 13, but the benefits counselor would not have access to all the necessary information. The counselor would have to go to yet another unit of the office on a different floor and get the file from another clerk, employee No. 14. That is the way it used to work.

Today the application is handled by a single team responsible for processing, filing, and dealing with the veteran face to face. When a veteran comes in, he or she deals with someone who knows their file, their history, and can tell the veteran exactly what is going on. This change has brought a tremendous increase in customer satisfaction for the veterans.

We have reduced the Federal workforce, and we are doing more with less. But taxpayers should be most excited about procurement reform. I know that the word "procurement" can put a lot of people to sleep, but there are more than 200 billion reasons for taxpayers to stay awake and be very concerned about procurement. That is because the Federal Government spends over $200 billion on procurement every year. That is $800 for every American spent on goods and services.

There is no more important area in which to control spending and better manage our limited resources. The Federal Government's record on procurement before 1993 was terrible. We all remember stories about the $600 hammer or the $2000 toilet seat, but one you may not have heard occurred during Operation Desert Storm in 1991.

During the Gulf war, the Air Force needed 6,000 standard, commercial Motorola radios for the troops, like this one. They wanted to order them so they could communicate with each other. But even in that emergency, the Government could not just buy commercial products at competitive prices.

Under the regulations at the time, Motorola would have had to supply records of what it cost to make these, and documents, proving they had never charged anyone less for them. For quite a while, the U.S. Government could not purchase these radios.

It is hard to believe, but finally, Japan had to buy the radios from Motorola and give them to the Air Force. That is how bad it was.

Last year's procurement reform legislation solved this problem by eliminating requirements that the Pentagon obtain cost and pricing data for commercially available items. In other words, if they are commercially available, you can buy them and cut out the redtape.

I am certain that this historic law will simplify and streamline the Federal procurement process, while ensuring fairness, accountability, and integrity.

Let me give you another example about how procurement reform is making the Government work more intelligently and effectively. For a long time, the Government, particularly the Pentagon, spent enormous amounts of time and money developing its own specifications for easily available products, like salad dressing.

Instead of being able to buy commercial brands of salad dressing, like this one, off the shelf, like every other American, the Government ended up buying products like this one, paying more for less quality, but this salad dressing was designed for Government specs. No more. If it is available on the shelf, you can buy it off the shelf.

As a result of changes initiated by the Vice President and the 103d Congress, the Defenses Personnel Supply Center, which buys all the food, clothing, and medical supplies for our troops has been able to undertake commonsense procurement techniques that make ordinary commercial products like this Wishbone dressing available to the troops like it is to every other American.

To date, the supply center has realized savings between 5 and 10 percent, and for those lower prices, our troops get better tasting, nationally recognized products.

Lastly, we also save money because we now get our commercial products delivered when they are needed, so there is no longer any need to warehouse enormous quantities of Government-designed salad dressings.

In addition to this commonsense program, this new law will reduce paperwork, especially for contracts under $100,000, and encourage the Federal Government to buy commercial products at the fairest prices. It will strengthen oversight and procurement, improve integrity, and standardize the procurement code by eliminating obsolete and redundant laws.

It incorporates many of Vice President GORE'S National Performance Review recommendations, such as providing for multi-year contracts, promoting excellence in vendor performance,

and allowing State and local governments to use Federal supply centers. In a nutshell, the law is going to save the taxpayers billions of dollars.

This is what is projected to be saved: from the downsizing, $46 billion; procurement reform, $12 billion; and in other areas, five, coming to a total of $63 billion.

However, President Clinton plans to reform the procurement process even more. Today there was a hearing in the Committee on Government Reform and Oversight to outline the administration's plans for more improvement to America's procurement laws.

I would like to enter the entire record of that committee hearing today into the RECORD, so that the American taxpayers can have easy access to read everything that took place in this hearing today.

As I said earlier, Mr. Speaker, reinventing government means one more thing, abolishing obsolete programs. Senator James Byrne once said "The closest thing in this world to immortality is a government agency." But President Clinton has demonstrated that immortality for Federal programs is no longer a sure thing.

For example, more than 50 years ago, wool and mohair were deemed important for making Army and Navy uniforms, so a Government subsidy was started. That program survived and grew under every President from Roosevelt to Bush until Bill Clinton.

In 1993, the President and Congress affirmed eliminating the wool, mohair, and honey subsidies, thus saving the taxpayers $695 million. That is a lot of money. We are just getting started reviewing other obsolete programs. That was just 1 of the more than 300 programs that have been eliminated so far.

What does this reform add up to? It adds up to $46 billion in savings to the American taxpayer, and an estimated $60 billion over the next 2 years.

Madam Speaker, we have more obsolete programs to abolish, and more procurement reforms to achieve, but thanks to the Reinventing Government program, the American people have reason to believe that their Government can work again, and America can compete and win again in the world economy.

We have taken important first steps toward the day when business as usual in Washington will actually have positive connotations.

On that note, Mr. Speaker, I am very happy to yield to my distinguished colleague, the gentleman from Maryland [STENY HOYER].

□ 2240

Mr. HOYER. I thank the gentlewoman from New York for yielding.

Madam Speaker, I rise tonight with my colleagues to highlight the many achievements thus far of the reinventing government efforts under the Clinton administration.

With the leadership of the Vice President and the strong support of the House Democrats and, I might say, the Republicans, we were able to enact many more reforms which have already had a positive impact on the people they were designed to help, the American people, the taxpayers. Congresswoman MALONEY has cited a number of examples. The opportunities for reinvention in the Treasury Department under the jurisdiction of the appropriations subcommittee I chaired were great. As a result of our efforts, the Treasury Department and related agencies are more customer-friendly, more cost-effective, and much, much more efficient. Where we could eliminate waste, we have. Before reinvention, every time the Government made a small purchase, it spent on an average $50 in paperwork over and above the cost of the item. This obviously accounted for tens of millions of purchases last year, totaling hundreds of millions of dollars in paperwork costs.

I want to show this Visa card, which has Bill Clinton's name on it. Now with this purchase card, the very same purchases are made with no paperwork cost at all. Let me reiterate that. No paperwork cost at all. Eliminating an average $50 cost on millions of purchases. That is tens of millions of dollars instantly saved by our Government because of this little card that all of us use all the time.

Let me show you what that meant. We used to purchase this stapler for $54. Outrageous. That did not mean that the stapler cost $54, but in order to purchase it, we had to spend $54 on the paperwork.

Bill Clinton and AL GORE came to town and said, "That is done." Bill Clinton and AL GORE said we can save the American taxpayers millions and millions of dollars if we cut out all that paperwork and simply use this little card.

Now with Bill Clinton and AL GORE's reinvention of government, we pay $4 for this stapler, which is what we ought to pay for this stapler. Fifty dollars on just one item. That is the kind of government American taxpayers expect and want.

The American people have asked us to cut our pork and justify Federal projects. As a result of reinventing government, the General Services Administration now carefully reviews all Federal construction projects in a program called Time-Out and Review. They assess the Federal need and appropriate size and design of these projects and ensure that the costs are fully justified.

Very frankly, Mr. Johnson, who is the administrator of that agency, was asked by President Clinton and Vice President GORE to look at these projects, see if we can save some money. Some of these projects are in districts that are represented by Democrats, some in districts represented by Republicans. This was not a political matter. This was a commonsense matter. How can we exercise common sense and save our people money?

Madam Speaker, I know you will be pleased to hear that so far over 200 projects have been reviewed and, you are not going to believe this, a $1.2 billion savings has been effected, now that Bill Clinton and AL GORE are looking at these things very carefully.

These reforms have taken what was wasteful and inefficient and reinvented these programs into efficient successes.

Madam Speaker, how many times have we heard tragic stories of people who have never received or lost their Government checks and have had to wait for countless weeks for their new checks to be processed? A critical problem, a crisis for some. Many times these checks, often Social Security checks, are vital to pay for medical expenses, rent, food, medicine. Checks missed that created crisis in home.

Because of reforms instituted as part of Vice President GORE and President Clinton's reinventing government initiatives, the Financial Management Service office of the Treasury located in my home State of Maryland has turned their once horrible 54-day turnaround into a more customer-friendly less than 2-week turnaround and alleviated the concerns of many average working Americans and Americans who are retired and concerned and reliant on those checks. This office now processes 8,000 check requests a month, over 400,000 claims each year, quickly, efficiently, and in a way that is customer friendly.

Perhaps, Madam Speaker, what is most surprising about this success story is that this office improved their customer service and productivity with 32 percent less staff, which is what the gentlewoman from New York [Mrs. MALONEY] was talking about in terms of that little graph going down. And in the face of a 28 percent workload increase. Twenty-eight percent increase in workload, 32 percent decrease of staff, and doing it in 25 percent less time than it used to take. Those Federal workers should be commended, Madam Speaker, for their efforts at not only taking part in initiating these reforms but also for successfully implementing the new techniques and procedure.

As the Vice President has correctly pointed out on many occasions:

> We don't have bad workers, we have bad systems. We have worked hard and succeeded at reinventing the bad systems into systems that work and work well.

Madam Speaker, I want to close with one of the biggest examples of wasted paper and inefficiency. During the previous 12 years prior to Mr. Clinton and Mr. Gore coming to town, the Federal

personnel management manual had been thousands of pages. They spell out many of the policies and procedures for Federal employees. But unfortunately it contains too much unnecessary information and redtape.

Because of our efforts last year, and I want to show a picture here of Mr. King, Jim King, who is the director of OPM. He has a wheelbarrow full of paperwork.

I know all of us on both sides of the aisle have talked about, "We need to get rid of all this paper." Well, here is a wheelbarrow that Mr. King is pushing full of paper. We have reduced those forms.

Madam Speaker, you will recall when our President was talking about the Federal budget. This is the paperwork that we had when we came to town. Mr. Gore and Mr. Clinton, this is what they have gotten rid of.

We no longer have that to deal with. Luckily, the table withstood the impact of all that paper. We are getting rid of it.

Why? Not just for the sake of having a gimmick that I can put on the table here and make sort of a funny little demonstration of, but because all of us know that America is drowning in paper. Business complains about it, educators complain about it, citizens complain about it, and we are doing something about it.

The Vice President in his leadership of reinventing government at the direction of President Clinton has said, we hear you, Mr. and Mrs. America. We hear that you want a smaller, more efficient, less costly government. We hear you, that you want your government reinvented so it does more with less and does it better, like those checks getting to recipients in a much quicker fashion.

I am very pleased to join my colleague from New York in saying that we are not there yet. We have more to do. There is still 10 percent. Ninety percent of the paperwork we have gotten rid of. But there is 10 percent left.

□ 2250

We are still looking at that to make sure that manual is as lean and effective as we can make it.

As important, Madam Speaker, as these reforms and other reforms are, it is equally crucial that we continue to build on these many successes and continue to enact more reforms in this Congress.

We are pleased that our Republican colleagues are joining us in the effort to reinvent government. Yesterday's government is behind us now and we must continue the task of doing our share in developing the government of the 21st century.

I have high hopes that the success of reinventing government in the 103d Congress that the Democrats so proudly enacted with the help of many of our Republican colleagues is only the beginning and that the second National Performance Review will be as successfully implemented in the months ahead.

I thank my colleague from New York, Mrs. MALONEY, for her leadership on this issue and for yielding to me for this time.

Mrs. MALONEY. I thank the gentleman so much.

Madam Speaker, our next speaker is Congresswoman ROSA DELAURO, and I yield to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Madam Speaker, I am very pleased to join my colleagues here tonight to talk about what we have been doing over the course of the past 2 years to address a major concern of the American people—reducing the size of the Federal Government and making it work better for them. I want to associate myself with the remarks of Mr. HOYER, Mrs. MALONEY, and Mrs. THURMAN, who have already spoken. And I want to add my voice to theirs in welcoming our House Republican colleagues who have joined the efforts of congressional Democrats and the Vice President to remake our Federal Government.

While some of our efforts have been mentioned by previous speakers, I believe they bear repeating because I'm not sure the magnitude of our successes has gotten the attention it merits. Why? Because there are those who, in order to try to score political points, would have the American people believe nothing has changed. But President Clinton and Vice President Gore ran on a platform of change in 1992, and together, change is what we have delivered.

We passed legislation that has produced a record amount of deficit reduction—more than $600 billion. For the first time since the Truman administration, we have reduced annual deficits for 3 consecutive years. And the deficit will soon be the smallest it's been in nearly 20 years relative to the size of our total economy.

We have enacted legislation that will reduce the number of Federal employees by 272,000. Already, we have cut more than 100,000 jobs and we will soon have the smallest Federal Government workforce in nearly 40 years.

We have cut 300 programs, eliminated others altogether, and we have cut more than one-quarter of a trillion dollars in spending.

My colleagues, we should all be proud of these accomplishments. We are delivering on what we set out to do.

But these numbers don't tell the whole story. Not only have we made dramatic cuts, but we have set out to fundamentally re-tool the way our Government conducts its business so that it provides better service to its customers—the American people—while it gets more for each tax dollar it spends. Let me give you one example from my home State.

The Defense Contract Management Area Operations office in East Hartford, CT, manages Department of Defense contracts in parts of four northeast States, including most of Connecticut, Vermont, Massachusetts and part of New York. Recently, this office overhauled its method of operation to improve oversight of defense contracts by changing to a team approach to customer service. Under this new system, whenever a contractor has a problem, with one phone call it gets rapid assistance from one team of expert professionals whose job is to solve the problem. In the old days, that contractor might have had to make several phone calls to people with overlapping responsibilities before it could get that same problem resolved.

As a result of this new system, 23 fewer employees are covering the same 33,000 square miles of territory. So the taxpayer wins—to date nearly $1 million has been saved—and the Government wins—it is better assured of receiving high quality products that can be delivered on time.

For their efforts, the employees of the Hartford Defense Contract Management Office have been recognized by the Vice President as heroes of reinvention and they received the Hammer Award for doing their part in responding to the National Performance Review. And their success in reinventing Government has been accomplished by Federal employees in dozens of agencies all across our country. These dedicated men and women have proven that they are a far cry from the stereotyped lazy unproductive Federal worker. They have taken their cue from the Vice President, embraced his call for change and are producing for all of us.

But we cannot rest on our laurels. Our task of making Government smaller and more effecient continues. I remain committed to working with my colleagues to carry on with this effort, and I look forward to hearing about more success stories this evening.

I want to thank the gentlewoman from New York for spearheading this effort tonight and really being in the forefront of the fight not only to reinvent government but about trying to get the message out and the word out about what has been done over these past 2 years. And I want to compliment the gentlewoman for her efforts tonight.

Mrs. MALONEY. Our next speaker is a member of the committee, and I yield to the gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. Madam Speaker, I think that has a wonderful ring to it and to the gentlewoman from New York who is my colleague and who came with me to Congress in 1992, and we have worked very hard together on the Governmental Operations Committee, I want to take this opportunity to

thank the gentlewoman for doing this tonight.

It is not a sexy issue, or not one of those pounding issues that people want to do all of the time and raises the spirit, but I think it is a great story that needs to be told and I certainly think that it is one that I think that the American people just are not aware of because it does not happen every day in their districts, or things that are happening to them. But it is something that I believe that ought to be talked about to give our American people the idea that there is a changing government and it is going to take some time, but it is changing and we are working to their betterment and we are trying to really achieve what many of us believe is a good idea in downsizing our government.

We are eliminating burdensome red tape which we think is important, and at the same time we understand that the primary focus of reinventing government programs still is remaining by putting customers, the American taxpayers first.

During the last Congress, we passed over 30 bills containing reinventing government proposals, and I just want to kind of go through some of that legislation.

We looked at reducing the Federal work force by 100,000 full-time positions, which has already been talked about. It is a work force that is going to be the smallest since the Kennedy administration. We had a thing up here a little while ago on that.

We consolidated education programs under the Improving America's Schools Act of 1994. In doing so, we have created multipurpose technical assistance centers while eliminating 49 categorical centers and 50 State national diffusion network contracts.

We also improved overall government management under the Government Management Reform Act of 1994 and the Federal Management Act of 1994. In addition, we simplified the Federal procurement procedures under the Federal acquisition Streamlining Act of 1994.

In the Federal agencies there are numerous examples of reinvention at work, and I am going to give some examples of that.

□ 2300

The Federal Aviation Administration recently started using the quality through partnership process to design and implement a new radar facility in southern California that will eventually consolidate 35 existing facilities. In Miami the Customs Office—and this is in my home State—has developed a government-industry partnership where major exporters are instructed on how to do their own inspections. By allowing companies to conduct their own routine inspections, Custom agents are free to do more spot checks. But, more importantly, exporters now make more than 40 percent of the drug busts in Miami alone while moving the entire process at a much more efficient pace.

NASA has provided technology to test for lazy eye in children through another government-private sector partnership. A Marshall space flight engineer and a private sector scientist developed a testing system now available commercially under an exclusive license from NASA. In 1993, one of our natural resources, our children, over 300,000 children were tested for lazy eye at 5 major test projects in Florida, Alabama, North Carolina, and Ohio.

This is a type of Federal-private partnership that not only reduces bureaucracy but also produces a beneficial result for all Americans.

Madam Speaker, since the House will be considering the reauthorization of the Paperwork Reduction Act this week, here is an example of an actual paperwork reduction. The Small Business Administration loan application went from a stack of forms 1.5 inches thick to a single page. Since the reinventing Government program began, over a quarter trillion dollars in spending and 300 domestic programs have been slashed. And I know we all talked about this, but this is a monumental achievement that we have come this far.

But I have to tell you we still have more to do.

Today, in the Committee on Government Reform, we actually had Steven Kelman, who is administrator for Federal procurement policy, come before the committee, the Government Reform and Oversight Committee, and in about, I would have to say, 7 or 8 pages here, he told us some great stories of what is going on in our Federal Government.

But what was important was that he talked about real-life people who made a difference.

You know, I remember when reinvention started and we kept saying, "You know, we need to let these employees have a little bit of room, we need to let them think, because they have been out there, they have been on the front line, they know best how to make things happen in our government."

We just never gave them any leeway which allowed them to be creative and use those ideas.

I am going to name a couple of areas in procurement particularly that they really did some good things.

Increasing reliance on commercial practices: We had Tony DiCioccio; we had Col. Craig Weston from the space-based program office; we had Jim Bednar, with the Federal Highway Administration.

Madam Speaker, when they had the earthquake, through using incentives to motivate contractors, they took what was supposedly going to be a 104-week project down to 10 weeks to rebuild the Santa Monica Freeway, 10 weeks instead of 104 weeks, through incentives to motivate contractors.

In the area of increasing use of purchase cards, we actually—and I think Mr. HOYER from Maryland mentioned this—for any purchases under $2,500, we saved $54 every time we used this.

But let me tell you what it does, more importantly: How many times in your districts have you heard, "You know, if you went over to so-and-so and bought this, you could buy it for half-price." You have heard it, I have heard it. It is incredible to me.

Now, here is one. At a Customs Service field office, the Government was able to purchase privacy panels from an office, from a liquidator, for $2,450 compared to a low bid which they had received of $4,000. We saved $1,550 by using this particular card. That was done, by the way, by Annelie Kuhn, of the Department of Treasury.

In the area of "expanding the use of past performance," Paul Zebrowski, of the Defense Personnel Supply Center, DLA; "using multiple-award contracting," Kay Walker; "increasing use of performance-based service contracting," John Richardson, of the Law Enforcement Training Center, Department of Treasury; and in the area of "streamlining the award process," Harry Schulte, Lydia Butler.

These are all real people who have had these ideas, have had these concerns, and finally somebody said, "We want to hear what you have to say. We want to know what your experiences are, and we want to put them to work because we believe you offer us something in this government."

I think it is working. I just want to say that I have enjoyed the time I have spent on the Committee on Government Operations. We get an awful lot of time to look at GAO reports, learn about all the bad things about Government. Those are the ones that make the sound bites, they are the ones that get the headlines in the newspapers and stuff. I just hope as we go through this next couple of months that we all remember we have done some changes. We have done it on a bipartisan group basis. Most of these bills, I believe, were passed probably by the majority of this House. But we need to continue this on. Let us not make sound bites, let us not do it for political gain, let us do it for American taxpayers because they come first.

I thank the gentlewoman from New York [Mrs. MALONEY] for the time afforded me, and I appreciate the gentlewoman's leadership and look forward to working with her again.

THE AMERICAN LEGAL SYSTEM

The SPEAKER pro tempore (Ms. MOLINARI). Under the Speaker's announced policy of January 4, 1995, the gentleman from Nebraska [Mr.

CHRISTENSEN] is recognized for 46 minutes as the designee of the majority leader.

Mr. CHRISTENSEN. Madam Speaker, the American legal system is in serious need of repair. Frivolous litigation and overzealous litigators are stifling entrepreneurship, damaging competitiveness of American products on international markets and draining the U.S. economy.

The American people are tired of hearing about multimillion-dollar awards given to someone who has been injured due to their own negligence and then goes looking for the pot of gold at the end of the legal rainbow.

Commonsense legal reform is the needle that will sew up unrestrained access to the deep pockets of corporate America and the shallow pockets of nonprofit groups like the Little League and the Girl Scouts.

The American civil justice system needs reform and needs it now.

Last month an article on legal reform by the Los Angeles Times stated that in California alone lawyers made $16.3 billion in legal fees in 1992.

My colleagues, $16.3 billion is more than the gross domestic product of nearly three dozen Third World nations.

Madam Speaker, in the late 1970's two men illegally entered a remote section of the Miramar Naval Station through a breach in the fence. You all know Miramar as the place where "Top Gun" was filmed.

Now, ignoring numerous Government property no-trespassing signs, the two set out on their mission to steal valuable copper cable, attached to power poles throughout the base. After being assured by one of the men that the power lines were dead, his partner in crime climbed the pole. As he began cutting the cable, he touched an exposed wire which knocked him unconscious, but he still clung to the pole. In an attempt to rescue his friend, the other thief began climbing the pole and also touched the live wire, which threw him to the ground and paralyzed him for life.

Well, obviously, this case went to trial, and plaintiffs' lawyers pleaded their case to a sympathetic jury, and, guess what: The verdict. The two thieves won. The court was found to say that the United States, as owner of the naval base, had a duty to protect the two thieves because it was reasonably foreseeable that they or thieves like them would enter and steal the copper cable.

Absurdity, you say? Yes, indeed. But it is the reality of the American civil justice system as we know it today.

Let me tell you another story about our civil justice system in the 1990's. There is probably not a Member today who has not enjoyed meeting with a visiting Girl Scout troop from their district, gathering excited and enthusiastic youngsters who come to the Capitol for the first time, and maybe the only time in their lives, to learn firsthand the meaning of that time-honored phrase, "A government of the people, by the people, and for the people."

□ 2310

You know how they pay for their trips here and all the other activities of their individual troop? They sell cookies. As a matter of fact, they delivered to my office today my order of Girl Scout cookies. But there is probably something you do not know about these legendary cookies. I have been told that the Girl Scouts of Illinois have to sell over a million cookies just to pay their liability insurance premiums. Why? Because they have been getting sued by overzealous plaintiff lawyers.

This organization known for teaching our Nation's youth about teamwork, community, and the value of volunteering has been beset by predatory lawyers looking for anybody with pockets to pick. My fellow colleagues, it is time that this stop. We stand ready to pass H.R. 10, the common sense legal reform bill and to shore up those organizations that teach our children about honesty and integrity as well as the corporations that employ their parents.

It is an important measure and one that we will have an opportunity to debate fully over the next 3 weeks.

Madam Speaker, I yield to the gentleman from Chattanooga, TN [Mr. WAMP], who sits on the Transportation and Science and Small Business Committees.

Mr. WAMP. Madam Speaker, I come tonight, thanking the gentleman from Nebraska, slightly under the weather tonight but I wanted to take the opportunity to come and talk about two institutions in this country, Madam Speaker, that are really not in very good shape. One is this institution, an outstanding heritage this institution of Congress has had, but today we are not in favor among the voters out there still looking at this institution as arrogant and out of touch. But you know, we are doing something about that. We came on the very first day and passed the Accountability Act, holding us to the same laws as the people in this country have to live under. And we are making major strides in the last few weeks here in Congress, to clean up our act and to be honest with the American people about what goes on here and be good stewards of the tax dollars, once again.

But another institution that I have to bring to the well tonight that is in dire need of a jump start right now is the legal institution in this country, where our lawyers have taken on the same kind of arrogance in many ways. I would argue that much like we have led the reforms of the last few weeks here and tried to clean up our act, the bar association and the attorneys in this country need to lead the way for tort reform.

I encourage our attorney friends to join us on substantive and positive reform of this system which the American people need to count on.

One of the basic tenets of our Constitution is the notion of a fair and speedy trial. If you are an American citizen that has been unfortunate enough to either be sued or have to sue somebody to pursue justice, you know that the concept of a fair and speedy trial is not easy to come by in this day and age. We have a system in this country of insurance law, where the attorneys actually work for an insurance company instead of the defendant, sometimes even instead of the plaintiff.

Once they work for that insurance company, that insurance company is just going to keep paying them until that amount that they designated that they would pay for legal fees is completely drained. And through that deep pockets theory, everybody sues everybody until everybody's insurance company is working with an attorney, and they keep working until all the money is gone. And the case is not going to be settled until the money is all gone.

We should not be about bashing lawyers. I do not want to do that. I do not want lawyers bashing Members of Congress. I think we need to uphold this institution and promote the institution and encourage our friends in the legal community to help us with their reform.

Lawyers are good people. Many of my friends are attorneys. Many of the people who helped me come to Congress are attorneys. Even some trial lawyers, I think, are good folks. But for too long they have made all the rules in this country. And it is time for the people to run the show again.

More than a decade ago, an outstanding barrister from my home city of Chattanooga, Don Warner, told me that in most construction lawsuits everybody loses, plaintiffs, defendants, and all, except the attorneys. And they all win. They get paid, get paid good. They go home. Everybody else loses. Attorneys split up the money and the plaintiffs and defendants share what is left. Most of the time that is not hardly anything.

You know, Madam Speaker, I believe in this country we must preserve the right to petition the court for justice, but we must also encourage and have a system of laws that encourage the settlement of our disputes without litigation.

I thank the Speaker tonight, and I thank the gentleman from Nebraska for his leadership on this issue. I encourage all those in this body to support H.R. 10 as we try to clean up the

legal mess in the United States of America.

Mr. BRYANT of Tennessee. Madam Speaker, speaking as an attorney who also is a freshman Member of this 104th Congress, I wanted to just add to what my colleague said about all lawyers. There are some mighty good lawyers out there, both on the civil side, the defense side, and on the trial lawyer side, too. Unfortunately, like any other business or profession, there are a few out there that make some bad judgments, whether negligently or intentionally, and bring a lot of heat to bear on the lawyers.

I think most of us that practiced law for a living before coming up here would agree with Vice President Quayle that there are some improvements, some reasonable changes that can be made that need to be made and, as the gentleman from Nebraska, JON CHRISTENSEN, has said, H.R. 10, which has now been divided into two different bills by our Committee on the Judiciary, on which I serve, is coming up actually tomorrow for markup in our Committee on the Judiciary.

And both of these bills, while not perfect, are very strong improvements in the rules that govern our courts. They make some changes to some of the laws, I think, that, again, provide a fairer balance to our civil justice system.

Only recently, this House passed six criminal bills. And as a former U.S. attorney, as a Federal prosecutor, I felt very strongly about those. In fact, like most of you, probably campaigned on those types of issues. And we talked there about swinging that pendulum in the criminal system back away from the rights of the criminal more to the middle, back toward the society and to the victims. And much as we did in the criminal side now, we are looking to do that in the civil side through a reasonable set of tort reform laws. Again, bringing that balance back to a more fairer standard for both sides and to society, because I think there are legitimate complaints there.

I know you all campaigned the way I did, and that was one of the major complaints I heard. I used to laugh, and they would ask me what I did for a living. I would kind of mumble that I was a lawyer, at that I was trying to improve the status of my occupation so I was running for Congress. So I do not know if any of you had that same problem, but that certainly was there.

Mr. CHRISTENSEN. During my campaign, even though I am a licensed attorney, people would always ask me what I did. And I never would tell them that I was a licensed attorney because that was usually a strike against me.

Mr. BRYANT of Tennessee. Well, it is. I think, hopefully, as we go through this hour, we are going to talk in more detail about what these two bills do, some of the details, and how they change and, hopefully, as a result of what we do in Congress. I see the gentleman from Arizona [Mr. HAYWORTH] down there. And I think he has something we wants to say.

But people will be pleased that we will get the type of bipartisan support that we are seeing in some of our other bills. We will get our colleagues in the other House to go along with us and have the President sign a bill that will vastly improve our legal system.

Mr. CHRISTENSEN. Madam Speaker, I thank the gentleman from Tennessee for his comments earlier.

I yield to my friend, the gentleman from Scottsdale, AZ [Mr. HAYWORTH], who is on the Committee on Resources, Banking, and Veterans' Affairs.

□ 2320

Mr. HAYWORTH. Madam Speaker, I thank the gentleman from Nebraska, and as I look around this Chamber and think about what has been transpiring in these first 50 days of the Contract With America, I would be remiss if I did not pause to state my very genuine admiration, not only for my friend, the gentleman from Nebraska, but his dynamic duo from Tennessee. In fact, there is a terrific trio, when we think about our good friend, Mr. HILLEARY, also serving with this distinction in this Congress.

I look here and I see my friend, the gentleman from Washington State, RICK WHITE, here in the Chamber, I am also aware of the fact that there of us in this room are blessed with spouses from the great State of Mississippi, all born down there.

It is kind of interesting here, and I look to the Chair, and there is the gentlewoman from New York [Ms. MOLINARI], and Madam Speaker, thank you for being here at this late hour, an hour that is still relatively early in my home district, but in a very real sense, for this Nation, Madam Speaker, the hour is growing late.

Madam Speaker, let me start with this simple statement. The American people want to hold wrongdoers accountable. No one in this Chamber would disagree with that statement. It is a truism, and certainly, as my good friend, the gentleman from Tennessee [Mr. BRYANT], the former U.S. attorney in Memphis, would point out, it is the basis of our legal system, the notion of accountability.

The Common Sense Legal Reform Act restores accountability to product laws. Manufacturers should not be hit with a massive lawsuit because someone deliberately misuses their product.

We are bringing an end to the misuse of punitive damages, an aberration in our system that was increasingly used to give plaintiffs a $1 million plus windfall that they could share with their attorneys.

However, these changes will have little meaning unless we apply them to the notorious cases that are still wreaking havoc within our legal system. It is here where the outrageous punitive damage awards are making a mockery of justice. Wrongdoers are not being held accountable. What is happening, quite sadly, in my opinion, is that some attorneys are milking the system for every cent they can get.

Madam Speaker, to illustrate what I'm taking about, let us focus on the insurance industry for just a moment. I understand that the insurance industry is not going to get a lot of sympathy. I'm not out here searching or hoping to be a defender of the insurance industry. But what is happening with insurance, a service to our society in a real sense, and a product that our society depends on in order to function, should make us think twice before we pass a bill ignoring the problems.

Take the insurance industry within the great State of Alabama, for example. The Prudential Insurance Company, a large, well-established company we all know, had an agent in Alabama. That agent sold an annuity policy to a couple. Nothing unusual there.

But the company soon learned that their own agent had greatly overstated the value of this policy. The agent had deceived the couple, which was trying to legitimately plan for its retirement. What did Prudential do? Prudential did the right thing, alerting the couple about the agent's deception, and offering to return all the premiums the couple had paid.

The company realized that the couple had been mistreated, and the company took steps to repair all the economic damage that had been done to the couple. But instead, the couple chose to sue the company, and like many of these civil justice cases, this one went to trial by jury.

The jury awarded the couple $430,000 in compensatory damages, and then, then a staggering $25 million in punitive damages, $25 million, against a company that tried to right a wrong.

I understand the facts of the case. An elderly couple was deceived. They deserved compensation, no one would argue about that. But under what code of right and wrong does a jury decide that $25 million is justice?

This is what is going on in the great State of Alabama. I conferred with one of our colleagues who hails from that great State. He confirmed it. During the first 9 months of last year, Alabama juries handed down 11 separate multi-million dollar punitive damage verdicts.

Let me quote now from one of our Nation's top legal and criminal experts, professor George Priest of Yale University Law School. He said "The System is totally out of control in Alabama."

Now, we understand full well what will transpire. A lot of the trial lawyers' lobbyists will come down here

and say "This is a state issue. The Federal Government has no business passing a national punitive damages cap." Tell that to the people who provide services or sell insurance within the great State of Alabama.

It is worth noting that the Alabama State Legislative did pass a cap, a $250,000 limit on punitive damages. What happened? In the wake of that decision by the Alabama state legislature, elected judges in that State struck it down. No wonder many attorneys want this left as a State issue.

My point is simple, Madam Speaker. If we fail to extend the punitive damage provisions of H.R. 10 to all civil justice cases, then we are fooling ourselves that we have created a far-reaching legal reform within the system.

Madam Speaker, it is simply insufficient to bring reform to one corner of the system while blissfully ignoring the outrages going on in every other aspect of civil law. How many more million dollar awards will have to be handed down before we realize our system is out of kilter with reality, and ultimately, with justice?

We all want to see wrongdoers held accountable but it is worth noting that accountability means restoring a sense of proportion and responsibility to our entire legal system.

I say to my colleagues, Madam Speaker, we are moving in the right direction, but let us not stop before we really get started. Let us work, toward real reform, genuine reform, that will truly touch every American.

Undergirding a variety of these questions, whether they deal with our civil system of law, or, really, any other question that comes before this 104th Congress is this simple notion of the law. I believe my colleagues, the gentleman from Tennessee, Mr. BRYANT, and the gentleman from Nebraska, Mr. CHRISTENSEN, both trained as attorneys, would readily admit this.

It is this simple noting that undergirds, really, the entire legal system, if you will, of Western civilization. That is the question of what is reasonable, the test of what a reasonable persons would apply.

I think it has been shown with stunning clarity, not only in the context of my remarks but, indeed, as we move now into other questions, as we take a look at regulatory reform, as we take a look at so much that has gone on with our Federal Government, we see that that sense of reasonableness has been, if not completely abandoned, then certainly neglected.

Madam Speaker, I welcome the opportunity to join with you for a revolution that is not radical, but one that is reasonable. I look forward to working together to adopt commonsense legal reform.

Mr. BRYANT of Tennessee. Madam Speaker, will the gentleman yield?

Mr. HAYWORTH. I am glad to yield to the gentleman from Memphis.

Mr. BRYANT of Tennessee. I appreciate the gentleman from Arizona articulating his position so well.

I want to, if we could, Madam Speaker, perhaps digress a minute and talk about exactly what punitive damages are. A lot of times, Madam Speaker, in the legal system people may not understand what drives up our verdicts to these ridiculously high figures, in some cases.

Most of the time, those figures are based on punitive damages. Generally, under the laws of all States, as well as the Federal system in civil cases there are two types of damages that a jury or a judge can award. One type is called compensatory damages, and that simply means that a victim of an accident, of any type of lawsuit, is entitled to be fairly compensated, hence, compensatory damages.

Generally that is the type of damages that involves an injury, hospital bills, the pain and suffering, the loss of income, loss of wages; again, things that you can value, things that you can measure, as a general rule.

The law also recognizes the other type of damages, punitive damages, which arose as a philosophical, as a policy issue to punish, hence the word "punitive damages," to punish the defendant, the wrongdoer, in the sense that you want to teach that person a lesson, teach that company a lesson.

You want to deter that type of conduct, and the way society through the courts has recognized that has been simply to award these punitive damages, which really have no measure.

□ 2330

Often they are a pie in the sky. It is whatever a jury feels like giving that particular day under the emotion of a particular trial. As a former defense attorney who defended cases, I can tell you that these are the most difficult types of damages to measure. Again, there are usually no standards, no guidelines, it is just something that a jury is asked to do that day, in whatever mood they might be in and, of course, sometimes you get some rather large figures. But the punitive damages typically under our systems go to the victims and to the victims' attorneys.

It has been suggested that perhaps if punitive damages are awarded, they ought to go not to the lawyer and not to the victim but to society or to some third party. After all, the victim is not necessarily to be compensated with punitive damages since they have already received their compensatory damages. The real purpose is not to pay the victim any more but to deter and to punish that wrongdoer. So that has been suggested.

In our bill, which has now been redesignated as H.R. 956, we talk about punitive damages. This bill will apply throughout both the State and the Federal courts in most civil cases, and it limits, it puts a cap on, if you will, the amount of monetary punitive damages that can be awarded. It limits them to $250,000, or 3 times the compensatory damages given in that particular case, whichever figure is greater.

Mr. CHRISTENSEN. Madam Speaker, will the gentleman yield?

Mr. BRYANT of Tennessee. I yield to the gentleman from Nebraska.

Mr. CHRISTENSEN. So we are not talking in H.R. 956 about taking away that right, or the right to sue or the right to compensatory damages or even the right for punitive damages where there have been examples of egregious conduct on the parts of individuals or corporations. We are just talking about bringing some commonsense legal reform to bear here, three times your economic loss, is that not correct?

Mr. BRYANT of Tennessee. That is right, JON. It is basically heretofore what I have called pie in the sky. Even in criminal law where you actually punish directly a crime, a piece of misconduct, the criminal knows ahead of time or very quickly discovers when he goes to trial what the limitations are. There is a certain sentence, a certain maximum sentence they can receive. But in our civil system with punitive damages, the particular defendant, whether it be an individual or whether it be a company, has no idea other than what the plaintiff's attorney might sue for, which is usually a large amount because, at least in my State, you cannot get any more than you ask for, so they ask for huge sums of money. It really is not fair.

The effect we have seen in our judicial system and in our economy is that when companies are hit with these large punitive damage awards, it acts as a chilling effect. It discourages companies from not only the research and development but primarily the development to new products. Even though they pass certain government standards, they are still in a lot of cases subject to potential liability. So a lot of times the companies had rather not go to that risk and put a new product on the market if they know they are going to be sued and hit with huge sums of money. It has the effect sometimes of stifling growth in not only the new types of products we might get but jobs. Companies all around the country have to deal with ever-increasing insurance premiums which are driven up in large part by again these large verdicts that the insurance companies have to pay out.

It is primarily I think because of that reasoning that we want to see an economy in America that is growing and going, we want to see our companies creating new jobs in the private sector and developing new products that we have taken this approach.

Again, when you look at it in the scheme of why we have punitive damages, and, that is, again to deter companies from doing bad things, and most of the time that is malicious, intentional type of wrongdoing, to me it no longer has the place in our judicial system that it has had in the past. I think reasonable caps which would be fair to both sides, again a reasonable balance in this, is exactly what we need.

Mr. CHRISTENSEN. At this time, I would like to yield to may colleague the gentleman from Seattle, WA [Mr. WHITE], an attorney.

Mr. WHITE. I thank my friend from Nebraska for yielding, I thank the Speaker, and I thank all the other Members of the House who were kind enough to stay here tonight and listen to my humble remarks.

I would like to confess something tonight that really is not too popular these days. That is, ever since I was in grade school, I have wanted to be a lawyer. I finished grade school, high school and college, went on to law school and for the last 15 years or so, I have been a practicing lawyer in the Seattle area and I have enjoyed my practice a great deal. As a lawyer, I have great respect for the law. But I have also discovered something during these 15 years of law practice that I think is very important for us to consider today. That is, the fact that our legal system is badly out of balance and badly needs to be fixed.

Let me just give a couple of examples. Madam Speaker, if you go to Seattle today, you will find some people working in high-rise office buildings with computers that are tied into the financial markets. Every time a stock goes up or down, these computers register what is happening in the marketplace. You think that is not surprising, because there are stockbrokers in every large city. But the fact is, Madam Speaker, many of these people are not stockbrokers. These people are attorneys and they have their computers programmed so that when a stock falls by a certain amount, immediately a complaint can be filed alleging a securities violation.

There is a company in my district who had its stock drop because of an erroneous report about 9 a.m. one morning last year. By 1 p.m. that very afternoon, two 60-page complaints had been filed in the Federal District Court in Seattle. It turns out the announcement was wrong, the complaints later were quietly withdrawn. But the fact is these lawsuits are driven not by the merits of the case but by lawyers out to make a buck.

There are other examples. We have all heard the story of the woman in Arizona who spilled coffee on herself and received a judgment of some $2 million because the restaurant made the coffee too hot.

In the crime area, another example from my own district. A man named Charles Campbell, in 1982, slit the throat of an 8-year-old girl, slit the throat of her mother, slit the throat of the next-door neighbor who just happened to be there at the time. Under very painstaking, elaborate procedures, he was sentenced to death by a Snohomish County jury. Yet for the following 12 years, he evaded his sentence in 3 separate Federal appeals, raising a different issue each time, none of which had any merit. These are problems, my colleagues, that have to be fixed.

I am proud to say that we are starting to make some progress fixing these problems. We have already marked up in one of my committees the securities litigation reform bill. We have passed in this House the crime bill which will solve some of the criminal law problems. This next week we will be seeing some more legislation designed to reform the legal system.

I have been happy to support, as my friend from Nebraska has and others have, even more far-reaching reforms in the legal system. So I think we are making progress.

But as I stand here today, I think back, more than a year ago, probably about a year and a half ago. When I sat down with my wife in our home in Bainbridge Island, Washington, and I explained to her that I was thinking about leaving my law practice and running for Congress. She asked me what I think was a very revealing question. She said, "Why in the world do you want to go from the second most hated profession in the world to the most hated profession in the world?"

I think that is a good question, but I think today we are starting to see the answer. Because if we pass these reforms that we are talking about today, I think we can restore some honor to both professions, to our profession in Congress, and to the profession of the law.

I urge every single one of my colleagues, those that are here and those that are not here tonight, to give careful consideration to each of these legal reform bills as they come before the House and to vote for them to strike a blow for improving our legal system.

Mr. CHRISTENSEN. Madam Speaker, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Nebraska.

Mr. CHRISTENSEN. The case you brought up earlier about the spilled coffee, and this is a perfect example of how out of control our system is. The hundreds of thousands of dollars and possibly even millions of dollars to try to send a message to the corporation that made that coffee too hot is just an example.

Under our H.R. 956, what we are going to do is bring some reform into that area, to try to bring some common sense into that area. We are not going to take the right away from that individual to bring that lawsuit, but for a spilled coffee, maybe her car was hurt a little bit, maybe she was burned to a significant amount, but to have a multi-thousand-dollar, and I do not even know what the final judgment was. Does anyone know what the final amount was at this time?

Mr. BRYANT of Tennessee. As I recall it was over $3 million awarded. It may have been reduced somewhat by a judge, but it was still a million-dollar judgment.

Mr. CHRISTENSEN. A million-dollar judgment for a spilled coffee because it was too hot and burned someone. That is an example of how out of control our system is. That is why the American people are crying out and saying, "You have got to do something. You have got to address this problem."

□ 2340

I appreciate my colleague from Seattle, because one of the things you have been involved in for so many years up there with a lot of software development companies and you have seen firsthand some of the abuses that have gone on.

Mr. WHITE. If the gentleman will yield, my district is home to some of the most innovative new companies in the United States. Microsoft is in our district, McCall Cellular, many other small companies, and these are the companies that are subject in particular to the kind of securities lawsuits that are brought not by honest plaintiffs trying to recover damages, but by law firms. And I might point out to my colleague who did not have the experience of being in our committee hearings in the Committee on Commerce in the last few weeks, we have heard a lot of talk primarily from the other side of the aisle about the innocent plaintiffs and how they had to be taken care of, our colleagues using many colorful metaphors used by our colleagues referring to the people as Widow Murphy and Widow Goodbody or things of that nature. I would like to bring up another metaphor because these bills are not aimed at a plaintiff who has a legitimate cause, but are aimed at law firms that abuse the profession. But instead of talking about Widow Goodbody or Widow Murphy, we should be talking about do we cheat them, how the plaintiffs' law firms abuse the system in hopes of retaining a large fee and really not having much to do with the benefits to the paintiff.

Mr. CHRISTENSEN. Madam Speaker, I yield to my friend and colleague from Georgia [Mr. BARR], the former U.S. attorney.

Mr. BARR. Madam Speaker, I thank the gentleman for yielding.

Madam Speaker, there is a case I read about recently, called Jarndyce versus Jarndyce, and the case of Jarndyce versus Jarndyce was written about in a book and was set forth as an

example of a case, a lawsuit, civil lawsuit which droned on and on and on and on, for years, as a matter of fact. And the author described how this lawsuit had generations of lawyers born into it and who died out of it. And every member of this particular bar sooner or later became involved in the case of Jarndyce versus Jarndyce.

That case was written about by one Charles Dickens well over 100 years ago, and it epitomized at that time as it would today the problems with our legal system.

It cannot be the purview and it is not our aim in this 104th Congress to reform everything that is wrong with our legal system. I daresay if that were a goal we might not have enough time in the 104th Congress. But more importantly, it is not the role of the Federal Government to completely restructure the minutia of our legal system.

It is important, for example, to realize that our legal system is one of the tremendous strengths of our society. The access that we have, that our citizens have to our court system is something that all of us in this body, all of us as attorneys, all of us as citizens of this land know is very special and is indeed one of the strengths of America. And it is not our desire nor our goal nor would we stand by and see that system of justice, based as it is on documents as magnificent as the Magna Carta, on documents as magnificent as our Declaration of Independence and our own Constitution, with its amendments, but all of us have a role, all of us have a stake in the credibility of that system, for that system of justice. If it lacks support of the public, if it has no credibility with the public, then we all do indeed suffer.

That is why we in this 104th Congress have undertaken as a very special charge, a charge given to us both explicitly and implicitly by the voters of this country on November 8 to take a look at that system, to do what we can to make sure that it runs more efficiently, that the system is not clogged with frivolous lawsuits, that cases that truly have merit not only find their way into the courts, but are heard on a timely basis by our judges and by our juries.

It is important for us, to the greatest extent possible to streamline that system, and to ensure that the problems that have been written about for ages, such as those written about by Charles Dickens in Jarndyce versus Jarndyce, which although a fictional case both back in his day as well as our day could very well be a case taken directly from almost any superior court or almost any U.S. district court across this land.

What we are about in the 104th Congress and what we have been doing and will be doing in the Committee on the Judiciary, recently, and this week, is to take a look at at least some aspects of our civil judicial system to determine how can it be made better, so that cases are heard on a timely basis, so that cases that truly do have merit are heard and are adjudicated on a timely basis. But also to do what we can to weed out those cases that do not have the merit that brings credibility to our judicial system.

Some claim that this is not within the purview of the 104th Congress or any Congress, and I say to them that flies in the face of our whole system of laws as embodied in our laws, our Constitution, and our rules of procedure and our courts. Clearly there is a role for the Federal Government, for Federal laws to address problems in that legal system as they affect all of our citizens across State boundaries, as so many of our lawsuits necessarily do.

We do not seek and I would not stand here before you, my colleagues, and say we should be in the business of cutting off access to our legal system by citizens who truly have claims that need to be heard, rights or wrongs that need to be made right.

But there are problems, and those problems do need to be addressed and that is why legal reform, rational legal reform, reasonable legal reform, commonsense legal reform, was an important part in the November 8 elections, an explicit part of those elections, and is an important and an explicit and a well-supported and well-documented part of the Contract With America.

I yield to my distinguished colleague from Tennessee.

Mr. BRYANT of Tennessee. Also as a former U.S. attorney and comember of the Committee on the Judiciary I wanted to sort of turn this around a little bit and ask you a question that my good friend from Washington raised, sort of out of the context of what we are talking about tonight, but I think it deserves a further explanation in terms of his talking about a particular set of murders that occurred in Washington State and of the endless death row appeals.

As a part of our Contract With America, and I have already referred to it earlier that we had dealt with some criminal issues, and I would like the gentleman to use his expertise and perhaps explain how we have addressed that situation of these habeas corpus petitions that again have the effect of delaying endlessly death row inmate cases.

Mr. BARR. We could probably look through the annals of any of the appellate books in any of the 50 States or the District of Columbia, certainly; it would not take long to find death penalty cases, not just death penalty cases where we have inmates and defendants who have abused our very cherished habeas corpus system to string out beyond any rational basis, beyond any stretch of the imagination to really tackle the legitimate legal issues involved with a conviction, to the extent that it is not uncommon at all to see 5-, 10-, 12-, 15-, 18-year delays in the time between either the commission of a crime or indeed the imposition of a death sentence and the carrying out of that sentence. That detracts tremendously from the credibility of our criminal justice system.

This is not a new phenomena, this has been going on for years and years and years, yet previous Congresses, as my distinguished colleague from Tennessee full well knows, failed to come to grips, did not have the guts to come to grips with this problem. Whether it was pressure from the ACLU, whether it was fear of prisoner lawsuits or whatever, the problem simply was not addressed by these past Congresses, despite our colleagues on the Republican side raising it over and over again as something that was not only very timely but essential to maintain the credibility or restore the credibility of our criminal system.

So what we have done already as part of the legal reforms, as part of the Contract With America, is to address square on, head first, eye to eye, the problem of habeas corpus reform particularly, but not only as it relates to death penalty cases.

□ 2350

We have set very finite limits within which habeas corpus which, as my colleagues know, are indirect attacks on criminal sentences such as the death sentence, we have set very strict limitations on the number of petitions that can be filed and the time limits within which those petitions can be filed. But I think it is also important for the American public to know that we have not cut off in any way, shape, or form legitimate avenues of appeal to raise legitimate issues on a timely basis that go to the heart of a case.

We have simply said those matters must be raised in a timely fashion. They must have true merit. And if they do, they will be heard. But if they do not, they will not be heard. And I think this will assist greatly to restore the credibility in our criminal justice system that really reflects on the entire judicial system that is so sorely lacking these days.

Mr. BRYANT of Tennessee. I think, as our colleague, the gentleman from Nebraska, JOHN CHRISTENSEN, has been talking about all night, in that area, we have restored credibility, common sense, as we are attempting to do, as we are beginning to attempt to do in this area of civil justice and tort reform. And it is kind of the whole concept I think that we as freshmen brought up here. And one of the most enjoyable things, I guess, that offsets these long hours we work, it is almost midnight here in Washington, is the fact that we are able to do and in fact our leadership is allowing us to do what we said we would do. We are

meeting our obligations. We are fulfilling our promises under the Contract With America and that is exciting.

Mr. CHRISTENSEN. And I believe it is refreshing and exciting for the American people to have two former U.S. attorneys involved in the legal reform fight to bring common sense back to America and to have you a part of not just the criminal reform but also of this civil tort reform. That is what I think the American people can relish, is that Members from our own body are going to try to bring some common sense back to our own, to our own brethren, to try to realign where we have gotten off stray. It is exciting to be part of this and what I hope to see would be a grassroots swell of support from the people in Nebraska and Omaha, in Memphis, TN, and in Georgia to see it happening from the grassroots up. So I am privileged to be part of this.

I thank my colleagues for their colloquy tonight.

Madam Speaker, I have a few comments before we close this evening. I thank you for your indulgence through this evening. In a few weeks we will be taking on this fight, this fight to expand our tort reform to take a look at all civil areas and so that we can expand in to take tort reform not just to product liability but to all areas of civil torts. One of the things that I am most encouraged about is that there is over 75 signatures on a sheet that we circulated today, just 1 day of circulation, that there is a lot of support in grassroots America and in the House of Representatives for what we are talking about.

And if there was ever a time to bring some common sense to legal reform, it is now.

Mr. HEINEMAN. Mr. Speaker, meaningful tort reform is of great importance to all Americans—not just big business as the trial lawyers would have you believe. By limiting runaway punitive damage awards, we have the opporutnity to help local groups such as Little League and the Boy Scouts, city and town government, enterpreneurs, small businesses, doctors, and other providers of services.

The great majority of States have no standards or guidelines that juries or the courts can use to determine the maximum possible award in a case. As a result, the frequency, and more importantly, the size of punitive damage awards have increased markedly in the past years.

A Rand Corp. study found that in Cook County, IL, there was a 2000 percent increase in punitive damage awards over a 20-year period. Perhaps even more startling was the size of the awards. Over that same period, the average punitive damage award increased from $7,000 to $729,000.

Dr. Peter Huber of the Manhattan Institute estimates that our tort liability system, in effect, imposes a direct tax upon us all to the tune of $80 billion a year.

However, the primary impact is not in the courtroom, but at the settlement table, where more and more defendants settle out of court to bypass arbitrary awards.

Punitive damage awards are not only unfair to corporate defendants, they hurt the consumers of products and services. A recent study of the economic impact of punitive damages in Texas found that huge punitive damage awards penalize everyone across the board as costs are shifted to the consumer in the form of higher prices and fewer innovative goods being produced. Without innovation we cannot compete in the global marketplace.

However, punitive damage reform limited to product liability cases addresses only a small part of the current abuses in litigation. There is a compelling need for a Federal standard for all cases in which punitive damages are sought.

In last week's Wall Street Journal, Creighton Hale, the CEO of Little League Baseball, chronicled how frivolous litigation seriously threatens Little League. The astronomical cost of litigation and the fear of being sued scares away volunteer coaches, umpires, and even the kids.

Little League has seen its liability insurance skyrocket 1000 percent—from $75 per league to $795. So, instead of buying protective equipment to enable more children to bat, throw, run and catch, Little League subsidizes those who take advantage of the current system.

Unbearable litigation, insurance costs, and fear of being sued unnecessarily is a common problem to all nonprofits. That is why expansion of the substantive reforms contained in the Commonsense Legal Reform Act will provide the predictability and proportionality in all civil tort cases.

My 38 years in law enforcement taught me that those accused of a crime have the constitutional protection to have notice of the charges and what punishment they face. Similarly, we should afford businesses, municipalities, and charitable organizations the same protection.

I certainly don't seek to avoid just compensation for those who have suffered legitimate losses as the result of neglect, misconduct, or indifference. Injured parties should be promptly and fairly compensated. The Commonsense Legal Reform Act allows equitable awards and in no way proscribes compensatory damages in any tort action.

Nor am I attempting to eliminate punitive damages. But fairness requires that damages bear a reasonable relationship to the person's actual injury. Unfortunately, in today's litigious society that simply is not the case.

Passage of the Commonsense Legal Reform Act is a vital step forward to provide equity throughout our civil justice system for all Americans. Let's rein in those who are abusing the system and are shutting down small businesses, the YMCA, the United Way, the Boy Scouts, and Little League.

GENERAL LEAVE

Mr. CHRISTENSEN. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore (Ms. MOLINARI). Is there objection to the request of the gentleman from Nebraska?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CRAPO (at the request of Mr. ARMEY) for today, on account of illness in his family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. DELAURO) to revise and extend their remarks and include extraneous material:)

Ms. JACKSON-LEE, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. GENE GREEN of Texas, for 5 minutes, today.

Mr. ORTON, for 5 minutes, today.

(The following Members (at the request of Mr. CHRISTENSEN) to revise and extend their remarks and include extraneous material:)

Mr. SAXTON, for 5 minutes, today.

Mr. TORKILDSEN, for 5 minutes, on February 22.

Mr. BRYANT, for 5 minutes, on February 22.

Mr. GRAHAM, for 5 minutes, on February 22.

Mr. HILLEARY, for 5 minutes, on February 22.

Mr. BURTON of Indiana, for 5 minutes, today and on February 22.

Mr. SCARBOROUGH, for 5 minutes, today and on February 22, 23, and 24.

Mr. MICA, for 5 minutes, on February 22 and 23.

Mr. FOX of Pennsylvania, for 5 minutes, today.

Mr. EWING, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(Mr. MOAKLEY, and to include extraneous matter, on House Resolution 88 today.)

(The following Members (at the request of Ms. DELAURO) and to include extraneous matter:)

Mr. BECERRA.

Mrs. MEEK of Florida.

Mr. UNDERWOOD.

Ms. RIVERS.

Mr. KLECZKA.

Mr. COYNE.

(The following Members (at the request of Mr. CHRISTENSEN) and to include extraneous matter:)

Mr. CRANE.

Mr. PACKARD.
Mr. BURTON of Indiana.
Ms. HUNTER.
Mr. TATE.
Mr. DAVIS.
Mr. GOODLING.
Mrs. JOHNSON of Connecticut.
Mr. BUNNING of Kentucky.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 257. An act to amend the charter of the Veterans of Foreign Wars to make eligible for membership those veterans that have served within the territorial limits of South Korea; to the Committee on the Judiciary.

ADJOURNMENT

Mr. CHRISTENSEN. Madam Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 54 minutes p.m.), the House adjourned until tomorrow, Wednesday, February 22, 1995, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

381. A communication from the President of the United States, transmitting his request to make available emergency appropriations totaling $145 million in budget authority for the Department of Housing and Urban Development and the Department of Commerce, and to designate these amounts as emergency requirements pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, pursuant to 31 U.S.C. 1107 (H. Doc. No. 104-38); to the Committee on Appropriations and ordered to be printed.

382. Acting Director, Defense Security Assistance Agency, transmitting notification concerning a collaborative counterterrorism research and development effort with the United Kingdom (Transmittal No. 02-95), pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

383. Assistant Secretary for Human Resources and Administration, Department of Energy, transmitting a report of activities under the Freedom of Information Act for calendar year 1994, pursuant to 5 U.S.C. 552(e); to the Committee on Government Reform and Oversight.

384. Secretary, Department of Energy, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1994, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

385. Secretary, Resolution Trust Corporation, transmitting a report of activities under the Freedom of Information Act for calendar year 1994, pursuant to 5 U.S.C. 552; to the Committee on Government Reform and Oversight.

386. Deputy Administrator, General Services Administration, transmitting an informational copy of the report of building project survey for Hilo, HI; to the Committee on Transportation and Infrastructure.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. YOUNG of Alaska: Committee on Resources. H.R. 421. A bill to amend the Alaska Native Claims Settlement Act to provide for the purchase of common stock of Cook Inlet Region, and for other purposes; with an amendment (Rept. 104-40). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 622. A bill to implement the Convention on Future Multilateral Cooperation in the Northwest Atlantic Fisheries (Rept. 104-41). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 715. A bill to amend the Central Bering Sea Fisheries Enforcement Act of 1992 to prohibit fishing in the Central Sea of Okhotsk by vessels and nationals of the United States (Rept. 104-42). Referred to the Committee of the Whole House on the State of the Union.

Mr. LINDER: Committee on Rules. House Resolution 91. Resolution providing for the consideration of the bill (H.R. 830) to amend chapter 35 of title 44, United States Code, to further the goals of the Paperwork Reduction Act to have Federal agencies become more responsible and publicly accountable for reducing the burden of Federal paperwork on the public; and for other purposes (Rept. 104-43). Referred to the House Calendar.

Mr. DREIER: Committee on Rules. House Resolution 92. Resolution providing for consideration of the bill (H.R. 889) making emergency supplemental appropriations and rescissions to preserve and enhance the military readiness of the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes (Rept. 104-44). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS:

H.R. 993. A bill concerning denial of passports to noncustodial parents subject to State arrest warrants in cases of nonpayment of child support; to the Committee on International Relations.

By Mr. CHAPMAN (for himself, Mr. MICA, Mr. DELAY, Mr. DEAL of Georgia, and Mr. PETE GEREN of Texas):

H.R. 994. A bill to require the periodic review and automatic termination of Federal regulations; to the Committee on Government Reform and Oversight, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FAWELL (for himself, Mr. GOODLING, Mr. ARMEY, Mr. PETRI, Mrs. ROUKEMA, Mr. BALLENGER, Mr. HOEKSTRA, Mr. MCKEON, Mrs. MEYERS of Kansas, Mr. TALENT, Mr. GREENWOOD, Mr. HUTCHINSON, Mr. KNOLLENBERG, Mr. GRAHAM, Mr. WELDON of Florida, and Mr. MCINTOSH):

H.R. 995. A bill to amend the Employee Retirement Income Security Act of 1974 to provide new portability, participation, solvency, claims, and other consumer protections and freedoms for workers in a mobile workforce; to increase purchasing power for employers and employees by removing barriers to the voluntary formation of multiple employer health plans and fully-insured multiple employer arrangements; to increase health plan competition providing more affordable choice of coverage by removing restrictive State laws relating to provider health networks, employer health coalitions, and insured plans and the offering of medisave plans; to expand access to fully-insured coverage for employees of small employers through fair rating standards and open markets; and for other purposes; to the Committee on Economic and Educational Opportunities, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FAWELL (for himself, Mr. GOODLING, Mr. PETRI, Mrs. ROUKEMA, Mr. BALLENGER, Mr. HOEKSTRA, Mr. MCKEON, Mrs. MEYERS of Kansas, Mr. TALENT, Mr. GREENWOOD, Mr. HUTCHINSON, Mr. KNOLLENBERG, Mr. GRAHAM, Mr. WELDON of Florida, and Mr. MCINTOSH):i

H.R. 996. A bill to improve portability, access, and fair rating for health insurance coverage for individuals; to the Committee on Commerce and in addition to the Committee on Economic and Educational Opportunities.

By Mr. CRANE:

H.R. 997. A bill to amend title XVIII of the Social Security Act to provide for coverage under part B of the Medicare Program of certain chiropractic services authorized to be performed under State law; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be sebsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GEJDENSON:

H.R. 998. A bill to amend title III of the Job Training Partnership Act to provide employment and training assistance for certain individuals who work at or live in the community of a plant, facility, or enterprise that is scheduled to close or undergo significant layoffs, and for other purposes; to the Committee on Economic and Educational Opportunities.

By Mr. GOODLING:

H.R. 999. A bill to establish a single, consolidated source of Federal child care funding; to establish a program to provide block grants to States to provide nutrition assistance to economically disadvantaged individuals and families and to establish a program to provide block grants in States to provide school-based food services to students; to restrict alien eligibility for certain education, training, and other programs; and for other purposes; to the Committee on Economic and Educational Opportunities, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. VENTO (for himself, Mr. ACKERMAN, Mr. BECERRA, Mr. BEILENSON, Mr. BERMAN, Mr. BONIOR, Mr. BROWN of California, Mr. CARDIN, Mr. CLAY, Mr. COLEMAN, Mr. CONYERS, Mr. DEFAZIO, Ms. DELAURO, Mr. DELLUMS, Mr. DEUTSCH, Mr. DURBIN, Ms. ESHOO, Mr. EVANS, Mr. FARR, Ms. FURSE, Mr. GEJDENSON, Mr. GONZALEZ, Mr. GUTIERREZ, Mr. HINCHEY, Mr. HOLDEN, Mr. JACOBS, Mr. JOHNSTON of Florida, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of Rhode Island, Mr. KILDEE, Mr. LANTOS, Mr. LIPINSKI, Mr. MARKEY, Mr. MATSUI, Mr. MINGE, Mrs. MINK of Hawaii, Mr. MORAN, Mrs. MORELLA, Mr. NADLER, Mr. NEAL of Massachusetts, Mr. OBERSTAR, Mr. OLVER, Mr. PASTOR, Mr. PAYNE of New Jersey, Ms. PELOSI, Mr. RAMSTAD, Mr. REED, Ms. RIVERS, Ms. ROYBAL-ALLARD, Mr. SABO, Mr. SANDERS, Mrs. SCHROEDER, Mr. SCHUMER, Mr. SERRANO, Mr. SHAYS, Mr. SKAGGS, Ms. SLAUGHTER, Mr. SPRATT, Mr. STARK, Mr. TORRES, Ms. VELAZQUEZ, Mr. WAXMAN, Mr. WILLIAMS, Ms. WOOLSEY, Mr. YATES, and Mr. ZIMMER):

H.R. 1000. A bill to designate certain lands in Alaska as wilderness; to the Committee on Resources.

By Mr. GEJDENSON:

H.R. 1001. A bill to deauthorize a portion of the project for improving the Mystic River, CT; to the Committee on Transportation and Infrastructure.

H.R. 1002. A bill to amend the Oil Pollution Act of 1990 to exempt marinas from the financial responsibility requirements applicable to offshore facilities under that act; to the Committee on Transportation and Infrastructure.

By Mrs. JOHNSON of Connecticut (for herself, Mr. NEAL of Massachusetts, and Mr. JEFFERSON):

H.R. 1003. A bill to amend the Internal Revenue Code of 1986 to increase the deductibility of business meal expenses for individuals who are subject to Federal hours of limitation; to the Committee on Ways and Means.

By Mr. JOHNSON of South Dakota:

H.R. 1004. A bill to protect the public from the misuse of the telecommunications network and telecommunications devices and facilities; to the Committee on Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. KING (for himself, Mr. ISTOOK, Mr. SAM JOHNSON, and Mr. FORBES):

H.R. 1005. A bill to amend title 4, United States Code, to declare English as the official language of the Government of the United States, and for other purposes; to the Committee on Economic and Educational Opportunities, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MALONEY (for herself, Mr. DAVIS, Mr. RANGEL, Mr. DOYLE, Mr. FROST, and Mr. ACKERMAN):

H.R. 1006. A bill to amend title 38, United States Code, to provide housing benefits for the purchase of residential cooperative apartment units; to the Committee on Veterans' Affairs.

By Mr. ROBERTS:

H.R. 1007. A bill to amend title 23, United States Code, to permit a maximum speed limit of 65 miles per hour on any highway within a State's jurisdiction located outside an urbanized area, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. THOMPSON:

H.R. 1008. A bill to require periodic maintenance dredging for the Greenville Inner Harbor Channel, MS; to the Committee on Transportation and Infrastructure.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII.

Mr. DAVIS introduced a bill (H.R. 1009) for the relief of Lloyd B. Gamble; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 10: Mr. MCKEON, Mr. SOUDER, Mr. FIELDS of Texas, Mr. FRELINGHUYSEN, Mr. BROWNBACK, Mr. LIVINGSTON, Mr. WHITE, Mr. MONTGOMERY, Mr. BRYANT of Tennessee, Mr. BARRETT of Nebraska, and Mr. GILLMOR.

H.R. 28: Mr. BAKER of Louisiana.

H.R. 29: Mr. FOX, Mr. SAXTON, Mrs. SEASTRAND, and Ms. LOFGREN.

H.R. 44: Mr. LEACH, Mr. TORRES, Ms. PELOSI, Mr. KING, Mr. BILBRAY, and Mr. BEREUTER.

H.R. 52: Mr. ORTON, Mr. EHLERS, Mrs. CHENOWETH, Mr. MINETA, and Mr. SAXTON.

H.R. 70: Mr. BARTLETT of Maryland, Mr. PAXON, and Mr. BONILLA.

H.R. 86: Mr. SAXTON.

H.R. 104: Mr. ROYCE and Mr. BACHUS.

H.R. 216: Mr. BARTLETT of Maryland, Mr. BAKER of California, and Mr. FOLEY.

H.R. 259: Mr. COX, Mr. KNOLLENBERG, Mr. PAXON, and Mr. BAKER of Louisiana.

H.R. 304: Mr. FOX and Mr. STUMP.

H.R. 305: Mr. SERRANO, Mr. OWENS, Mr. QUINN, and Mr. ACKERMAN.

H.R. 312: Mr. ORTON and Mr. GOSS.

H.R. 325: Mr. CRAPO, Ms. DUNN of Washington, Mr. ENGLISH of Pennsylvania, Mr. BRYANT of Tennessee, Mrs. CHENOWETH, Mr. BAESLER, Mr. TIAHRT, Mr. NORWOOD, Mr. SOUDER, Mr. CALVERT, Mr. MARTINI, Mr. MCCOLLUM, Mr. COLLINS of Georgia, Mr. FOLEY, Mr. THORNBERRY, and Mr. WAMP.

H.R. 359: Mr. KILDEE and Mr. GENE GREEN of Texas.

H.R. 370: Mr. RADANOVICH.

H.R. 390: Mr. GEJDENSON, Mr. HILLIARD, Mr. OLVER, Mr. NETHERCUTT, Mr. LEACH, and Mrs. MEYERS of Kansas.

H.R. 404: Ms. MOLINARI.

H.R. 426: Mr. THORNBERRY, Mrs. CLAYTON, Mr. EVANS, and Mr. BARTON of Texas.

H.R. 427: Mr. THORNBERRY, Mr. DOOLITTLE, Mr. ROHRABACHER, Mr. COOLEY, and Mr. STUMP.

H.R. 450: Mr. EVERETT.

H.R. 479: Mr. STUMP.

H.R. 483: Mr. SAM JOHNSON, Mr. EHLERS, Mr. HALL of Texas, Mr. ACKERMAN, Mr. RAMSTAD, Mr. LUTHER, Mr. ROGERS, Ms. MOLINARI, Mr. HILLIARD, and Mrs. MORELLA.

H.R. 493: Mr. EVANS.

H.R. 521: Ms. LOFGREN.

H.R. 559: Mr. MINETA, Ms. LOFGREN, and Mr. KILDEE.

H.R. 564: Mr. FOX.

H.R. 571: Mr. HUNTER, Mr. SKEEN, Mr. BARRETT of Wisconsin, and Mr. JONES.

H.R. 587: Mrs. MEYERS of Kansas, Ms. ESHOO, and Mr. BLUTE.

H.R. 592: Mr. STEARNS, Mr. SAXTON, and Mr. BAKER of Louisiana.

H.R. 593: Mr. BAKER of Louisiana.

H.R. 600: Mr. FROST, Ms. EDDIE BERNICE JOHNSON of Texas, and Ms. LOWEY.

H.R. 607: Mr. DOOLITTLE, Mr. COX, Mr. GUNDERSON, Mr. BASS, Mr. ENGLISH of Pennsylvania, Mr. LARGENT, Mr. WILLIAMS, Mrs. WALDHOLTZ, Mr. SANDERS, and Mr. HOSTETTLER.

H.R. 658: Mr. VENTO and Mr. BONIOR.

H.R. 682: Mr. ENSIGN, Mr. BAKER of Louisiana, Mr. SAXTON, Mr. BLUTE, and Mr. FUNDERBURK.

H.R. 696: Mrs. MINK of Hawaii, Mr. TORRES, Mr. SISISKY, Mr. BACHUS, Mr. PETRI, Mr. CASTLE, and Mr. THOMPSON.

H.R. 697: Mr. BAKER of Louisiana and Mr. PETRI.

H.R. 707: Mr. BARTLETT of Maryland.

H.R. 708: Mrs. LINCOLN, Ms. VELAZQUEZ, Ms. ESHOO, Mrs. SMITH of Washington, Mr. BAKER of Louisiana, and Mr. BACHUS.

H.R. 752: Mr. SAM JOHNSON, Mr. HERGER, Mr. CRANE, and Mr. TATE.

H.R. 771: Mr. ACKERMAN, Mr. GENE GREEN of Texas, Mr. FROST, Mr. BRYANT of Texas, and Mr. RANGEL.

H.R. 789: Mr. BACHUS.

H.R. 803: Mr. ORTON, Mr. SAM JOHNSON, Mr. HOUGHTON, Mr. FORBES, Mr. MINETA, Mr. BAKER of Louisiana, and Mr. SAXTON.

H.R. 809: Mr. SAXTON and Mr. WYNN.

H.R. 858: Mr. RAHALL, Mr. ABERCROMBIE, Mr. TORRES, Mr. GENE GREEN of Texas, Mr. RANGEL, and Mr. NEY.

H.R. 860: Mr. NEY, Mr. ROHRABACHER, Mr. FOX, Mr. SOLOMON, Mr. HERGER, Mr. CHAMBLISS, Mr. COX, Mrs. SMITH of Washington, Mr. LUCAS, Mr. COBLE, and Mr. FORBES.

H.R. 899: Mr. ROYCE, Mr. EWING, Mr. LOBIONDO, Mr. MYERS of Indiana, Mr. MCINTOSH, Mr. CRAPO, Mr. DOOLITTLE, Mr. SAM JOHNSON, Mr. MINGE, Mr. CHRYSLER, Mr. REED, Mr. SAWYER, Mr. KIM, Mr. COOLEY, Mr. PACKARD, Mr. BAKER of California, Mr. BONO, Mr. MORAN, Mr. GUTKNECHT, Ms. PRYCE, Mr. LEWIS of California, Mr. BUYER, Mr. BURTON of Indiana, Mr. HYDE, Mrs. SEASTRAND, Mr. ISTOOK, Mr. DAVIS, Mr. PETE GEREN of Texas, Mr. BAKER of Louisiana, Mr. TIAHRT.

H.R. 922: Mr. RANGEL, Mr. WAXMAN, and Mr. BRYANT of Texas.

H.R. 923: Mr. UPTON, Mr. SOUDER, Mr. SANFORD, Mr. INGLIS of South Carolina, and Mr. JACOBS.

H.R. 924: Ms. PELOSI.

H.R. 949: Mr. STUMP.

H.R. 989: Mr. BECERRA.

H. Con. Res. 12: Mr. POMEROY, Mr. SAXTON, Mr. JOHNSON of South Dakota, Mr. FRANK of Massachusetts, Mr. LIVINGSTON, Mr. SHUSTER, and Mr. KLUG.

H. Con. Res. 22: Mr. GENE GREEN of Texas, Mr. BRYANT of Texas, Mr. FILNER, Mr. PALLONE, Ms. SLAUGHTER, Mr. VENTO, Mr. NADLER, Ms. PELOSI, Mr. GEJDENSON, Mr. ROMERO-BARCELÓ, and Mr. MASCARA.

H. Con. Res. 27: Mr. FOX and Mr. GILMAN.

H. Con. Res. 28: Mrs. SMITH of Washington, Mr. STUPAK, Mr. CHAPMAN, Mr. METCALF, Mr. MCHUGH, Mr. BALDACCI, and Mr. ORTIZ.

H. Res. 15: Mrs. LOWEY.

H. Res. 30: Mr. HASTINGS of Florida, Mr. BROWN of Ohio, Ms. ESHOO, Mr. QUINN, Mr. ORTON, Mr. CRAMER, Mr. THOMPSON, Mr. ROMERO-BARCELÓ, and Mr. BAKER of Louisiana.

H. Res. 45: Mr. STARK, Ms. ESHOO, Mr. DEUTSCH, Ms. RIVERS, Mr. WILLIAMS, Mr. RAHALL, and Mr. DELLUMS.

H. Res. 56: Mr. STEARNS and Mr. LAZIO of New York.

H. Res. 80: Mr. HUTCHINSON, Mr. BAKER of California, Mr. DORNAN, Mr. KINGSTON, Mr. DELLUMS, Mr. FUNDERBURK, and Mr. FOLEY.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 450

OFFERED BY: MR. BAKER OF LOUISIANA

AMENDMENT NO. 1: At the end of section 5 (page , line), add the following new subsection:

(c) MIGRATORY BIRD HUNTING SEASON REGULATIONS.—Section 3(a) or 4(a), or both, shall not apply to any regulatory rulemaking action by the Department of the Interior relating to establishing or conducting a hunting season for migratory birds.

H.R. 450

OFFERED BY: MR. BENTSEN

AMENDMENT NO. 2: At the end of section 5 (page , line), add the following new subsection:

(c) REGULATORY RULEMAKING ACTIONS BY SECURITIES AND EXCHANGE COMMISSION.—Section 3(a) or 4(a), or both, shall not apply to any regulatory rulemaking action by the Securities and Exchange Commission.

H.R. 450

OFFERED BY: MR. FATTAH

AMENDMENT NO. 3: At the end of section 5 add the following new subsection:

(c) SPECIFIC RULEMAKING RELATING TO THE TELEMARKETING AND CONSUMER FRAUD AND ABUSE PREVENTION ACT.—Section 3(a) or 4(a), or both, shall not apply to any regulatory rulemaking action to implement the Telemarketing and Consumer Fraud and Abuse Prevention Act, Public Law 103-297.

H.R. 450

OFFERED BY: MR. FATTAH

AMENDMENT NO. 4: At the end of section 2 add the following new sentence: "The Congress also finds that it is important to improving the efficiency and proper management of Government operations that the moratorium not hinder the efforts by both States and the Federal Government to reduce fraud.".

H.R. 830

OFFERED BY: MRS. COLLINS OF ILLINOIS

AMENDMENT NO. 1: Page 6, beginning at line 23, strike "soliciting, or requiring the disclosure to third parties or the public," and insert "or soliciting,".

Page 9, beginning at line 18, strike "records," and all that follows through page 10, line 2, and insert "records.".

Page 49, beginning at line 12, strike "maintain, provide, or disclose information to or for any agency or person" and insert "maintain or provide information to or for any agency".

Page 54, beginning at line 5, strike "obtaining," and all that follows through line 7 and insert "the collection of information—".

Page 55, beginning at line 3, strike "obtaining," and all that follows through "opinions" on line 5, and insert "the collection of information".

H.R. 830

OFFERED BY: MR. CRAPO

AMENDMENT NO. 2: Page 48, strike line 24 and all that follows through line 8 on page 49, and insert the following:

"(a) Notwithstanding any other provision of law, no person shall be subject to any penalty for failing to maintain or provide information to any agency if the collection of information involved was made after December 31, 1981, and at the time of the failure did not display a current control number assigned by the Director, or fails to state that such request is not subject to this chapter.

"(b) Actions taken by agencies which are not in compliance with subsection (a) of this section shall give rise to—

"(1) a private right of action to enjoin, set aside, or vacate such action, which may be pursued in a United States district court under section 1331 of title 28; or

"(2) a complete defense or bar to such action by an agency, which may be raised at any time during the agency decision making process or judicial review of the agency decision under any available process for judicial review.

H.R. 830

OFFERED BY: MRS. MALONEY

AMENDMENT NO. 3: At the end of the bill, add the following new section:

SEC. . SUNSET.

(a) REPEAL OF CHAPTER.—Chapter 35 of title 44, United States Code, is repealed.

(b) CONFORMING AMENDMENT.—The tale of chapters at the beginning of title 44, United States Code, is amended by striking the item relating to chapter 35.

(c) EFFECTIVE DATE.—This section shall take effect 5 years after the date of the enactment of this Act.

EXTENSIONS OF REMARKS

AFRICAN-AMERICAN HISTORY MONTH: MARKING A CENTURY OF ACHIEVEMENT AND STRUGGLE

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. COYNE. Mr. Speaker, I am pleased to join in this year's celebration of African-American History Month which provides an opportunity to consider the theme of "Reflections on 1895: Douglass, DuBois, Washington."

The 100 years since 1895 have been marked by some of the greatest advancements in the struggle for civil rights for the African-American community. An ability to look into the past reveals clear markers of significant progress in the status of African-American within the political, economic, and cultural life of the United States. A review of our Nation's past also leads us to identify certain heroic individuals who made a unique and lasting contribution to the great march forward toward equal rights for all Americans, regardless of color.

Individuals like Frederick Douglass, William Edward Burghardt DuBois, and Booker T. Washington are clearly outstanding heroic figures in the struggle for African-American dignity. What is less clear to many Americans is the fact that their lives were characterized by both triumphs and setbacks. The great strides they made on behalf of African-American civil rights did not always follow straight lines.

What is important to stress, however, is the fact that these three great African-Americans remain focused with their "eyes on the prize" even during periods of great challenge. The example they provide of commitment and perseverance is one that should continue to inspire African-Americans and Americans of all colors who are dedicated to the idea of equality.

The year 1895 marked a period of reconstruction and reaction in our Nation's history when African-Americans faced new oppression and violence. Hopes for the attainment of African-American civil and economic rights were being shattered by a resurgent racism no longer constrained by leadership from the Federal Government. An environment of violent oppression existed which was characterized by nightriders and lynchings. Legalized oppression took the form of poll taxes and Jim Crow segregation laws. Efforts by white political groups to deny African-Americans their civil rights would be given the sanction of the U.S. Supreme Court 1 year later in the 1896 Plessy versus Ferguson decision upholding the principle of separate but equal.

The year 1895 also marked the passing of Frederick Douglass who was an outstanding leader of the highest rank in the abolitionist movement. Frederick Douglass, who was born in slavery, dedicated his life to ending slavery and then securing the full legal rights of freed African-Americans. He confronted the harshest reality of his time—a brutal and dehumanizing slave system—with an unending commitment to winning freedom for all African-Americans.

Frederick Douglass was a man of his time but he was not constrained by the attitudes and expectations of his time. He spoke boldly in the cause of abolition to both Presidents and slaveowners. He challenged all Americans to stand by the promises made with adoption of the 13th, 14th, and 15th amendments to the U.S. Constitution. Frederick Douglass passed away in 1895 after a long lifetime in which he could still see both uncorrected injustices and signs of dramatic progress.

W.E.B. DuBois and Booker T. Washington both benefited from the legacy of Frederick Douglass but would make their own distinct contributions to African-American history. W.E.B. DuBois chose to take up the challenge of securing full political rights that had been left behind by Frederick Douglass. Booker T. Washington advocated setting aside political rights as a primary agenda so that full attention could be focused on achieving economic standing for African-Americans. They shared, however, a commitment to addressing the realities faced by African-Americans in 1895 and dedicated their lives to changing the times in which they lived.

Booker T. Washington was already well recognized as an African-American leader and founder of the Tuskegee Institute in 1895 when he gave a landmark speech at the Atlanta Exposition. He was an advocate of a ruralist agenda for African-Americans that steered clear of political activism in favor of economic attainments. Booker T. Washington believed that African-Americans could best secure a position in American society through industrial education and vocational training. While this position was controversial among many African-Americans, Booker T. Washington's views were instrumental in shaping relations among white Americans and African-Americans in the decades immediately following 1895.

In 1895, W.E.B. DuBois became the first African-American to receive a Ph.D. degree from Harvard University. He embarked on a lifelong commitment to using his writings and public remarks to advance the political liberties of fellow African-Americans. His many books and articles served to document the violence and injustice experienced by African-Americans. This work served to focus attention on the status of African-Americans to challenge the injustice of the system in which they lived.

Dr. DuBois emerged as a political leader in the tradition of Frederick Douglass and played a central role in the establishment of the NAACP. He helped to convince a generation of African-Americans that Booker T. Washington's vision of economic sufficiency would not be adequate to secure a proper respect for African-Americans as U.S. citizens. Dr. DuBois provided a new focus on political action that would bear its fruits in the civil rights movement of the 1950's and 1960's.

The lives of Douglass, DuBois, and Washington were characterized by over 70 years collectively of commitment to the advancement of African-Americans. The passing of Frederick Douglass in 1895 marked a time when succeeding African-American leaders like Washington and DuBois would take on in turn the mantle of leadership. these were men who responded to political realities and provided the vital leadership necessary to create a new realities that advanced the standing of African-Americans in our society.

Mr. Speaker, 100 years ago in 1895, the United States looked to the leadership of individuals like Douglass, DuBois, and Washington at a time when reaction and retreat characterized the attitude of many white Americans toward their fellow African-American citizens. Today, we also have leaders in the African-American community who are ready to confront the forces of reaction and retreat wherever they may be found. The men and women active in the civil rights movement today have a right to be proud of the accomplishments of leaders like Douglas, DuBois, and Washington.

It is my hope that African-Americans will also be inspired by the example of Douglass, DuBois, and Washington as a new generation continues to work for the equality and civil liberties that should be available to all Americans.

TRIBUTE TO COL. AARON BANK

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. PACKARD. Mr. Speaker, I rise to pay tribute to a military legend, 92-year-old Col. Aaron Bank of San Clemente, CA. Heralded as the father of the Green Berets, Colonel Bank was instrumental in developing one of this country's most respected and renowned military divisions.

As a member of a small group of senior officers in the Department of the Army, Colonel Bank recognized the need for an unconventional warfare organization within the framework of the U.S. Army. His unique military vision and experience earned him the role as commander of the first special forces group in the history of the U.S. Army.

Colonel Bank translated the concept of a U.S. Army unconventional warfare organization into a practical reality. This elite fighting force represents some of the bravest, toughest, most resourceful, accomplished men in the world. Colonel Bank led the charge in organizing one of the most prestigious special

force organizations in the world. He truly is the father of the Green Berets.

His unique, daring military experiences span the globe and history: executing operations within the French resistance; the three-man guerrilla team air-dropped behind enemy lines to pave the way for the Allied invasion; an incredible secret plot to capture Hitler; his remarkable meeting with Ho Chi Minh in Indochina. Colonel Bank was instrumental in changing the course of history and making the world a safer place for people everywhere. He truly is an extraordinary leader.

Mr. Speaker, I hope you and my colleagues will join me in recognizing the contributions and accomplishments of Col. Aaron Bank. I join friends and family who salute him.

THE STRANGE CASE OF EFRAIN BAMACA

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. BURTON of Indiana. Mr. Speaker, the democratic Government of Guatemala has been put under a great deal of pressure to resolve the case of Efrain Bamaca, a commander of the URNG, a Marxist terrorist group that has been fighting for power in Guatemala for 34 years.

The Government says Mr. Bamaca was killed in combat in 1992. Jennifer Harbury, an American citizen who says she is Mr. Bamaca's widow, claims he is being held in a clandestine military prison.

As we weigh Ms. Harbury's claims, I urge my colleagues to take the following into account.

First, Ms. Harbury is a strong partisan of the URNG. In the press, this is seldom mentioned. But she makes it no secret. In fact she published a book, "Bridge of Courage," portraying the struggle of this Marxist movement in glowing, heroic terms. On the back cover, the top endorsement comes from one of the worst violators of human rights in the hemisphere, Daniel Ortega. In one chapter, entitled "How You Can Make A Difference," she points out that Americans are legally barred from aiding the military efforts of the URNG, but strictly humanitarian aid is legal. Given her intense commitment to the URNG cause, it is plausible that her campaign on behalf of Mr. Bamaca is, like the URNG's military and political actions, designed first and foremost to weaken the democratically elected Government of Guatemala.

Second, Ms. Harbury is seeking far better treatment than Guatemalans in her position.

Ms. Harbury demands that the government of President Ramiro de Leon Carpio—which took office over a year after the fateful military engagement involving Comandante Bamaca—produce her husband or his remains. This is in the context of a guerrilla war with countless human rights violations on both sides and no record of prisoner exchanges. Bamaca is one of thousands whose fate is unknown.

In fact, there have been so many abuses that the Guatemalan Government and the URNG agreed last June on a way to address them all. A special Historical Commission will conduct a sweeping investigation and issue a public report, as Chile's Government did after the Pinochet era.

So, even though her case received special attention last year, Ms. Harbury continues to demand higher priority than the thousands of Guatemalan widows of soldiers and guerrillas, who will await the Historical Commission.

Out of all this, a few things are clear.

First, Ms. Harbury will be back in the headlines next month with her second hunger strike, pressuring President Clinton to take action against Guatemala.

Second, she is hoping for a second free ride in the media. Human interest coverage brings few hard political questions. Her marriage alone provides a wealth of questions for a good political reporter. There are no photos of her with her husband, and records of her marriage in Texas can only be described as bizarre. When the URNG sought investigators' help locating Bamaca in 1992, their documents didn't mention that he was married. When Harbury has travelled to Guatemala, Bamaca's parents have declined to meet her.

Third, Harbury's campaign helps the URNG at a critical time. The rebels are in the process of abandoning U.N.-mediated peace talks, after those talks made major progress in 1994. The URNG doesn't want to face the next major issue—ceasefire and demobilization—so it is walking away from the table. Its futile military struggle, with the suffering it brings to the Guatemalan people, will continue.

That is the real crime in Guatemala—the trashing of a peace process that is close to ending a 34-year conflict. If U.S. media attention stays on a guerrilla commander lost in combat 3 years ago, it's a crime that won't get the attention it deserves.

WORK IS THE MAIN THING

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. HUNTER. Mr. Speaker, I rise today to call the attention of the House to an article by Mr. Lewis Lehrman that appeared in the Wall Street Journal on Friday, February 10. In the spirit of President's Day, Mr. Lehrman's article on Abraham Lincoln is something I believe that we as an institution should remember about a man who has taught us so much. I submit Mr. Lehrman's article for the RECORD.

[From the Wall Street Journal, Feb. 10, 1995]

WORK IS THE MAIN THING

(By Lewis E. Lehrman)

Abraham Lincoln, whose birthday we celebrate on Sunday, is generally remembered for winning the Civil War and freeing the slaves. He should be. But the great lost truth about our 16th president is that during most of his political career he focused, not on slavery, but on a policy for economic growth and equal opportunity for the new nation. As Lincoln explained over and over, slavery was an involuntary economic exchange of labor, based on coercion; and, therefore, it was theft. Slavery, in short, was the antithesis of free labor, and thus Lincoln opposed it on moral and economic principle.

One of the hidden strengths of Lincoln's political philosophy was its grounding in a thorough grasp of economic theory and policy. That Mr. Lincoln had a coherent economic philosophy is one of the most obvious facts that emerges from Roy Basler's definitive 11-volume edition of the 16th president's original writings, speeches and state papers. Anyone who doubts this should read Gabor Boritt's pathbreaking book on "Lincoln and the Economics of the American Dream."

Though Jeffersonian populist in sentiment, Mr. Lincoln's economics were, paradoxically, Hamiltonian in policy. We can see this when, on his way to Washington in early 1861, he declared in Philadelphia, "I have never had a feeling politically that did not spring from the sentiment embodied in the Declaration of Independence." This idea he later vindicated at Gettysburg in 1863 by upholding "a new birth of freedom" in an America "dedicated to the proposition that all men are created equal." One year later he explained to Ohio soldiers visiting the White House that the Civil War itself was a struggle to create "an open field and a fair chance for your industry, enterprise, and intelligence; that you may all have equal privileges in the race of life. * * *"

EQUALITY OF OPPORTUNITY

Lincoln's equality was equality of opportunity. He denied explicitly that American equality was equality of result. In 1857 at Springfield, he said: "I think the authors [of the Declaration] intended to include all men, but they did not intend to declare all men equal in all respects. They did not mean to say all were equal in color, size, intellect, moral developments, or social capacity. They defined with tolerable distinctness, in what respects they did consider all men created equal—equal in certain inalienable rights, among which are life, liberty and the pursuit of happiness."

He also opposed direct federal taxation, except by necessity of war, because, as he said, "the land must be literally covered with assessors and collectors, going forth like swarms of locusts, devouring every blade of grass. * * *" Like Alexander Hamilton, he preferred a tariff because, Lincoln suggested, customs collectors on the coast would do less harm to the people than tax collectors roaming their neighborhoods.

He believed that government should be pro-labor by being pro-business; thus for 20 years, he advocated government help in creating canals, railroads, banks, turnpikes and other public institutions needed to integrate a free national market, to increase opportunity and social mobility, and to make the American economy more productive. As the economic historian Bray Hammond has noted, Lincoln was also a sophisticated student of banking and monetary policy, arguing throughout his political career that "no duty is more imperative on government, than the duty it owes the people of furnishing them a sound and uniform currency."

His economic philosophy, above all, was based upon "his patient confidence in the ultimate justice of the people." He was an authentic populist. But he saw no necessary conflict between labor and capital, believing them to be cooperative in nature. Only cooperation could, in a society of free labor, produce economic growth and increasing opportunity for all. Lincoln argued that capital was, itself, the result of the free labor of mind and muscle. People were the most important resource, not wealth. In fact this idea was so important that President Lincoln argued in his first annual message of 1861 that "labor is prior to, and independent

of capital. Capital is the fruit of labor, and could never have existed if labor had not first existed. Capital has its rights, which are as worthy of protection as any other rights."

He went even further and, once and for all, defined the essence of the American dream: "There is not, of necessity, any such thing as the free hired laborer being fixed to that condition for life. * * * The prudent, penniless beginner in the world labors for wages a while, saves a surplus with which to buy tools or land for himself; then labors on his own account for a while, and at length hires another new beginner to help him. This is the just, and generous, and prosperous system, which opens the way to all—gives hope to all, and * * * energy, and progress, and improvement of conditions to all."

Born poor, Mr. Lincoln was probably the greatest of truly self-made men, believing that "work, work, work is the main thing." His economic policy was designed not only "to clear the path for all," but to spell out incentives to encourage entrepreneurs to create new products, new wealth, and new jobs. He himself had applied for and obtained a patent, declaring in 1859 the patent and copyright protection of intellectual property to be one of the greatest incentives to innovation of Western civilization.

While today many Americans would dispute some of Mr. Lincoln's economic policies, it is manifestly true that his proposition—based on the right of every American to rise on his or her merits—defined the colorblind American dream of Martin Luther King. "I want every man to have the chance," Lincoln announced in New Haven in March 1860. "And I believe a black man is entitled to it * * * when he may look forward and hope to be a hired laborer this year and the next, work for himself afterward, and finally to hire men to work for him! That is the true system."

This was Lincoln's American system, where government fosters growth, where equal opportunity leads to social mobility, where intelligence and labor lead to savings and entrepreneurship. The black abolitionist Frederick Douglass pronounced a fitting tribute when he said of President Lincoln that he was "the first great man that I talked with in the United States freely, who in no single instance reminded me of the difference of color." He attributed Lincoln's open attitude to the fact that he and Lincoln were both, in Douglass's phrase, "self-made men."

Lincoln's economic legacy has had a powerful effect on world history. Without our 16th president there would have been separate slave states and free states; and thus no integrated North American economy in which emerged the most powerful, free-market, commercial civilization the world has ever known. Without pre-eminent American industrial power—which Lincoln self-consciously advocated—the means would not have been available to contain Imperial Germany in 1917 as it reached for European hegemony. Neither would there have been a national power strong enough to destroy its global successor, Hitler's Nazi Reich in 1945, nor to crush the aggressions of Imperial Japan. And, in the end, there would have been no world power to oppose and overcome the Soviet Communist empire during the second half of our century. World conquest—based on the invidious distinctions of race and class, the goal of the malignant world powers of our era—was prevented by the force and leadership of a single country, the perpetual union of the American states.

THE ENIGMA

Hovering over the whole of this history, there lingers still the enigma of the private man and the shadow of his personality. We scrutinize Lincoln; but we see him through a glass darkly. We mine his papers, sap the memoirs left by those who knew him, plumb his personal relationships. But he escapes us.

Surely we know about his humble parents, his lack of formal education, his discreet but towering ambition. But we wonder that, unlike the Adamses, the Roosevelts, the Kennedys, he left no descendants to carry on his legacy of great deeds. It is as if, like a luminous comet, he thrust himself in front of our eyes, the eyes of the world—for a brief moment—then to dissolve into the vasty deep of the cosmos from which he came.

This archetypal American, born poor of the South in Kentucky, elected of the North from Illinois—his professional achievement the very epitome of the American dream—this man Lincoln is the elusive inspiration we should be looking for as we commemorate his birth, 186 years ago, on Feb. 12, 1809.

PERSONAL EXPLANATION

HON. XAVIER BECERRA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. BECERRA. Mr. Speaker, as I stated on February 13, 1995, my wife and I were recently faced with a sudden and unexpected family emergency which has required my presence at home in Los Angeles. We are expecting our second child this May, and under doctor's orders, my wife has been confined to bed rest until she has completed her pregnancy.

As a result, I regretfully missed a number of recorded floor votes during the past few days. For the record, I would like to take this opportunity to indicate my position on each amendment and bill:

Watt amendment of H.R. 667, Violent Criminal Incarceration Act of 1995 (rollcall 112)—"aye."

Cardin amendment to H.R. 667 (rollcall 113)—"aye."

Chapman amendment to H.R. 667 (rollcall 114)—"aye."

Scott amendment to H.R. 667 (rollcall 115)—"aye."

On motion to recommit with instructions (rollcall 116)—"aye."

On final passage of H.R. 667 (rollcall 117)—"no."

On final passage of H.R. 668, Criminal Alien Deportation Improvements Act of 1995 (rollcall 118)—"no."

Quorum call (rollcall 119)—"present."

Watt amendment to H.R. 728, Local Government Law Enforcement Block Grants Act (rollcall 120)—"aye."

Mfume amendment to H.R. 728 (rollcall 121)—"aye."

On ordering the previous question (rollcall 122)—"no."

On motion by Mr. ARMEY to allow committees to meet on February 14 and for the remainder of the week when the House is meeting under the 5-minute rule (rollcall 123)—"no."

Schumer amendment to H.R. 728 (rollcall 124)—"aye."

Schroeder amendment to H.R. 728 (rollcall 125)—"aye."

Hoke amendment to H.R. 728 (rollcall 126)—"aye."

On motion to agree to the committee substitute (rollcall 127)—"no."

On motion to recommit with instructions (rollcall 128)—"aye."

On final passage of H.R. 728 (rollcall 129)—"no."

On motion by Mr. WISE to adjourn (rollcall 130)—"aye."

Quorum call (rollcall 131)—"present."

On ordering the previous question on H. Res. 83 (rollcall 132)—"no."

On final passage of H. Res. 83 (rollcall 133)—"no."

On motion by Mr. VOLKMER to adjourn (rollcall 134)—"aye."

Spence amendment to H.R. 7, National Security Revitalization Act (rollcall 135)—"no."

Spratt amendment to H.R. 7 (rollcall 136)—"aye."

Edwards amendment to the Spratt amendment, as modified (rollcall 137)—"aye."

Skelton amendment, as amended by the Spence substitute amendment (rollcall 138)—"no."

Montgomery substitute to the Skelton amendment, as amended by the Dellums amendment (rollcall 139)—"aye."

Hefley amendment to H.R. 7 (rollcall 140)—"no."

Herman amendment to H.R. 7 (rollcall 141)—"aye."

Leach amendment to H.R. 7 (rollcall 142)—"aye."

Torricelli amendment to H.R. 7 (rollcall 143)—"aye."

On motion to recommit with instructions (rollcall 144)—"aye."

On final passage of H.R. 7 (rollcall 145)—"no."

FAIRNESS FOR WORKERS "ON THE ROAD"

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mrs. JOHNSON of Connecticut. Mr. Speaker, the legislation I introduce today, along with Representatives RICHARD NEAL and WILLIAM JEFFERSON, restores to 80 percent the business meal deduction for long-haul truck drivers, bus drivers, airline flight crews, railroad conductors, and other federally regulated transportation workers who fall under the Department of Transportation hours-of-service regulations. They symbolize the hard-working, middle-class American who struggles for his or her family, abides by the rules, and deserves fair treatment.

As part of the Omnibus Budget Reconciliation Act of 1993, the business meal deduction was reduced from 80 percent to 50 percent. Though Congress was correct in addressing this provision in the Tax Code, it erroneously assumed that it was going to affect only the so-called three martini lunches. In fact, the diminution of this deduction has hurt many hard-working, middle-income Americans,

especially in the transportation industry, who find themselves away from their homes and families for extended periods of time.

For example, long-haul truck drivers spend over 200 days per year away from home. They eat at roadside diners and truckstops and sleep in their trucks or modest motels. In doing so, they incur the legitimate and necessary business expenses required in their work and do not enjoy the expense-account lifestyles of the individuals originally targeted in the 1993 legislation.

My bill restores some fairness to the Tax Code by reinstating the 80-percent business meal deduction for certain transportation workers, and I urge my colleagues to lend their support for its enactment.

CONGRESS ON ROAD TO BALANCING BUDGET

HON. RANDY TATE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. TATE. Mr. Speaker, at the beginning of each month, my wife and I sit down together and balance our family budget. Balancing a budget is something that all American businesses and families must do. It's time Congress follows the lead of its citizens.

Congress has the ability to balance the budget. It simply hasn't had the will. Only once in the last 30 years has the Federal Government had the backbone to balance the budget.

The tax limitation balanced budget amendment, introduced by Representative JOE BARTON, Republican from Texas, House Judiciary Committee Chairman HENRY HYDE, Republican from Illinois, and me, is exactly the tool needed. The tax limitation balanced budget amendment is the change in the way Government does business that the American people have demanded.

Our balanced budget amendment requires a three-fifths majority vote to raise taxes, borrow money, or add to the deficit.

If a three-fifths vote had been required during the 103d Congress, the Clinton budget, which contained one of the largest tax increases in history, would not have passed. Instead, it passed by 1 vote leaving another Congress that took more of your money and still didn't balance the budget.

On the historic first day of the 104th Congress, the House overwhelmingly passed a rule that requires a three-fifths majority vote to increase income tax rates. We need that same strong, bipartisan support in order to pass this needed constitutional amendment.

If we are sincere about shrinking the size and scope of our Federal Government, as the people asked us to do last November, then we must pass the tax limitation balanced budget amendment.

The national debt is over $4.5 trillion. Your share exceeds $13,000. To save future generations, this reckless accumulation of debt must stop.

The tax limitation balanced budget amendment is not a quick fix to our financial problems. Instead, it is a bold and needed measure that will restore fiscal sanity and discipline to a free-spending Congress.

This is the highest priority of the new Republican House majority. We must make it harder for Congress to dip into your wallet, not easier. By requiring a three-fifths majority vote, Congress will be forced to cut spending before reaching into your pockets and raising your taxes first.

There are cries from some who say that a constitutional amendment is not needed—that fiscal discipline alone can balance our budget. Wrong.

The tired policies of the past have failed before and will fail again. It is time to make Congress accountable to the people we serve.

There is nothing terrible about asking the Federal Government to live within its means.

But there are some that are still opposed to fiscal responsibility and reduced spending. Sunday, Secretary of Labor Robert Reich said on "Meet the Press" that the President is "against simply balancing the budget," and that the goal of a balanced budget was not his goal. Even after the voters have demanded spending cuts and fiscal responsibility, the Clinton administration seems content to spend more money it doesn't have—a luxury that American families can't afford.

Americans are demanding that we shrink Government and act responsibly. Many are shocked to see opposition to such a commonsense solution as our amendment. We will fight against those special interests that insist on the status quo.

If 49 States can operate under balanced budget requirements, so can Congress.

The answer to our Nation's problems is not spending more money and raising taxes. The answer is a tax limitation balanced budget amendment that will force Congress to make the same tough choices you and your family make every day.

SERVICE WITH A SMILE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. CRANE. Mr. Speaker, Mayor Charlene Beyer of Round Lake Park, IL, exemplifies the many qualities which all Americans today should strive to attain. Mrs. Beyer embodies a sound work ethic, profamily values, and she is an upstanding citizen as well as a fellow public servant.

I commend to the attention of my colleagues the following article entitled, "Service With a Smile," found in the January 8, 1995, issue of the Chicago Tribune. May we all adopt and practice these superior values in the hopes of setting the appropriate pattern for future generations in America and our Government.

[From the Chicago Tribune, Jan. 8, 1995]

SERVICE WITH A SMILE—MEET CHARLENE BEYER, WAITRESS AND MAYOR OF ROUND LAKE PARK

(By Lauren May)

Round Lake Park Mayor Charlene Beyer has been serving her community for about a year and a half, but she's been serving customers at Mers restaurant in Wauconda longer than that.

To supplement her mayoral income which averages out to be about 50 cents an hour, Beyer waits tables every weekend at the family eatery.

To Beyer, 37, mother of five, it's a living.

"I wake up with a bad back like every other waitress does," Beyer said. "To me, it's my life. I don't think it's an easy one, but I know that that's the life I'm living, and I would work five nights if I had to to get my kids where they need to go. And that's basically what I'll have to do."

Beyer said waiting tables is probably the best way to earn some extra cash in a short period of time.

"I can make on the weekends what girls in an office make in a whole week," she explained. "I can't take 40 hours out of my week and go work for something I can do in two nights."

Time constraints dictate the type of second job Beyer can have, because she homeschools three of her children. About six to eight hours of each weekday is devoted to her three youngest children, ages 8, 10 and 12. She also has a 16-year-old in high school and a 15-year-old who attends a performing-arts school in Michigan.

Most nights during the week she is off to a board meeting, and on some weekend days she attends village events, so her mayoral duties can occupy from 15 to 30 hours of her time each week. She also is the Avon Township chairwoman of the Republican Party.

Beyer said she thinks most people in her village do not know about her moonlighting job as a waitress, but regular patrons of the Wauconda landmark on the shores of Bangs Lake know her well.

"I think she's a wonderful lady," said Rep. Al Salvi (R-Wauconda), whose office is just down the street from the restaurant. "She is a real genuine person."

Like many of the restaurant's "regulars," Salvi said he often requests Beyer to be his waitress. He said the job gives her the opportunity to mingle with people, including local politicians who frequent the establishment. But most of all, Salvi said, it proves that she is just a regular person.

"She's one of us," he said. "She's the kind of mayor every village should have."

Round Lake Park Village Board member June Bessert sees Beyer's dual jobs as "proof that you can hold a higher office no matter what your calling in life is. I really see nothing wrong in that; it's an honest way of earning a living. She's very intelligent."

And according to her boss, Beyer is the kind of mayor every restaurant should have.

"She's good PR for us." Rosemary Mers said, "We like telling everybody that the mayor will "wait on you tonight."

Customers at first don't always believe that the mayor of a nearby town is serving them dinner. "At first they think we're teasing," Mers said. "They're flattered."

Mers hired Beyer about five years ago, before Beyer had any aspirations of becoming Round Lake Park mayor. After she was elected, Mers said she was not surprised when Beyer told her she wanted to keep her waitressing position.

"A long time ago, that's how government was," Beyer said. "It wasn't the attorneys and the professional people that were doing it; it was just the common people that went in and made a difference."

Although heading a town with a population of about 4,500 and serving steak and lobster to restaurant patrons may seem to be on opposite ends of the employment spectrum, Beyer contends that there are few differences between her dual occupations.

"I feel [they're] very similar," she said, listing their likenesses."The customer is always right. You're there to serve them. The

demands are many. They want, as most people want now, instant solutions to the problems that they have."

And, in fact, the frustration of not getting any answers herself as a new resident of Round Lake Park ultimately drove Beyer to seek office. She served as a trustee from 1989 to 1991 and was elected mayor in 1993, taking office in April, she said.

"I just wanted to be listened to," Beyer said. "So I guess you can say that I was frustrated and decided that my frustration would be turned into determination. When I look at something and get frustrated, I don't turn around and walk away."

That determination to make a difference had been passed on to Beyer not only by her family, which also has roots in politics, but also by her first boss.

At age 15, Beyer worked as a carhop at Dog 'n Suds in Wauconda, where she grew up. The owner of the drive-up restaurant was—not surprisingly—the then-mayor of Wauconda, Ken Potter.

"He, along with others, had at an early age been instilling in me ideas and the concepts of government," Beyer said. "So I worked on my first campaign when I was 15 years old to elect him to be mayor."

Beyer married her Wauconda High School sweetheart, Skip Beyer, a carpenter, when she was 18, and they have five children. The decision to teach her children at home is one Beyer is glad she made. Considering the amount of time spent working as mayor and a waitress, Beyer said she feels lucky to be able to spend the entire day with her kids.

"[Home schooling] is a lot of work, but I see a lot of benefit out of it, too," she said. "There's not a right way or a wrong way [to educate your kids]. With my schedule, it has served in a real positive way because I have been able to stay home with my kids."

Skip said his wife's long hours can be difficult, but "it's what she wants to do and what she likes to do best," he said. "She's just very tenacious on what she does."

With a mayoral salary of about $6,000 a year, Beyer certainly is not in it for the money, she said. She admitted, however, that her title has come in handy.

As a mayor, her calls get answered.

"When I was just Charlene Beyer, without a title, I had the same ideas, the same thoughts, the same opinions. They haven't changed," she said. "But then when they put a title behind my name, my calls get answered. People have respect for me."

Beyer said some politicians' abuse of their titles and power has caused people to be intimidated by them, but that's not the image she is trying to project.

"I would rather people know me for me and my actions, other than me saying who I am," she said.

Her actions, starting with her first two months in office, speak for themselves. Only a week after Beyer began her mayoral duties, her mother died unexpectedly. The following week, a resident committed suicide, and about a month and a half later, the town flooded.

"It was a very emotional thing for me, because my wounds were very fresh," she said. "And yet, there's a part of me that greets every negative, every negative situation, knowing that somewhere in there is a positive."

Crediting basic common sense, Beyer met her new challenges head-on. She arranged to have meals sent to the family of the suicide victim, and when the flooding crisis hit, Beyer met it with planning and organization.

She and her staff of volunteers monitored all calls coming into the village hall and called all of the senior citizen residents to check if they needed assistance and to help prepare them for the next storm.

"We were not crushed by this wave," she said. "We greeted it with a lot of planning. It was a very frustrating time, but we never had one resident, through both of the floods, come here and be upset at the board for what they weren't doing.

"It was a basic common-sense thing. People want to be informed, they want to be communicated to, and they want to be educated. And when you've done those three things, sometimes there are no solutions. Sometimes there is no quick fix, but when you've done that, they feel comfortable that you're doing the best that you can do."

Joyce Weissmueller, a village trustee, thinks Beyer has performed well as mayor. "She delegates, but she personally is out there doing things," Weissmueller said. "The personal touch is Charlene."

Weissmueller said Beyer's strength is getting people to work together. Her dedication to the village is apparent by the new committees she has established, including an economic development committee to revitalize the downtown area, as well as a beautification committee to clean it up, Weissmueller said.

Beyer said that techniques she uses in dealing with people as mayor also work at her weekend job. Most customers understand. "That's the part of being a waitress that is very difficult," she said. "It's no different than being a mom. And it's no different than being a mayor, because there's lots of people that don't understand what I'm doing and what the board's decisions are because they're not involved and they falsely accuse.

"You have to be so convinced of your position and your standards and your decisions that that doesn't bother you."

Beyer said the pressure at her waitressing job sometimes increases when she is serving her political peers.

She recalled a situation in which an elderly man accused her of stealing the credit card he had used to pay his tab, when in fact he had inadvertently placed it in his glasses case.

"He stood up, and the whole restaurant heard," she said. "It was very humbling, because I was being accused falsely."

All the while, Beyer had to maintain her composure.

"It's a very humbling thing to be in that kind of environment," Beyer said. "It's not that there's anything wrong with being a waitress, but it's not normal that a mayor of a village is waitressing in a restaurant."

But she is quick to defend the profession that is plagued by a misconception that those who work in it are not intelligent.

"Waitresses, I think, are very gifted people," Beyer said. "They're almost like housewives to me because they're able to do many things at one time.

"They're very educated people," she said of her coworkers, who include several teachers. "Most people I work with have college degrees. I don't. But we're all equal."

Beyer said she has no plans to get her college degree because she does not have the time or the money.

"If I had the money for a college education, it's going to be going to my children, not myself," she said.

Beyer sees her lack of education as a plus for her job as mayor.

"When I look at an issue, I'm not clouded by what I've been taught, what is politically correct," she said. "I can deal with a situation probably differently than most people do because I greet it differently. I greet it from the people's perspective.

"I hope I always stay that way. I intend to."

TRIBUTE TO SANDRA C. BOJTOS

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. UNDERWOOD. Mr. Speaker, I am pleased to announce to the House of Representatives the winner of Guam's 1993–94 Top Teacher Award, Mrs. Sandra C. Bojtos.

Mrs. Bojtos is a 7th and 8th grade science teacher at Untalan Middle School. Her unique educational and motivational technique as well as her desire to reach out to every student have distinguished her among her hard working colleagues. Mrs. Bojtos also makes extra efforts to see that her classes are learning to their potential and preparing themselves for the 21st century. Her students are introduced to the information highway and know first hand the usefulness of modern computer technology. But, her commitment to education goes beyond her science teaching.

Mrs. Bojtos is also an American Red Cross HIV/AIDS instructor and a member of the Kappa Delta Pi International Reading Association. These activities did not win her this distinction but rather typify the energy and spirit that set her apart and make her a role model for others. Mrs. Bojtos will receive $10,000 from Citibank for this award. She has already said that she may partially use this award to upgrade her class' computer equipment.

I would also like to take this opportunity to thank the Citibank corporation who sponsored this event for the second consecutive year. Citibank has made itself a leader in corporate support of education in the Asia-Pacific region and I commend their efforts.

Congratulations, Sandra Bojtos, for being recognized as Guam's Top Teacher.

HONORING ROBERT SPILLANE

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. DAVIS. Mr. Speaker, I rise today to honor Fairfax County School Superintendent Robert "Bud" Spillane. Bud Spillane was selected as Superintendent of the Year on February 10, 1995. The announcement was made in New Orleans, LA, at the American Association of School Administrators' National Conference. Spillane was one of four finalists in the national competition, which was sponsored by the ServiceMaster Co. of Downers Grove, IL. Spillane was originally selected as a finalist among this year's State superintendents of the year, each of whom represents one of the States or U.S. schools overseas.

AASA will award a $10,000 scholarship in Spillane's name to a student attending the high school from which he graduated, which is Windham High School in Willimantic, CT.

Spillane also received a gold medallion and a $2,000 savings bond.

For the past 10 years, Spillane has served as superintendent of the Nation's 10th largest school system, which has approximately 140,000 students in 224 schools and centers, located in a 399-square-mile area. With recent demographic trends in Fairfax County that include an increasing minority student population, more students from lower income families, student achievement in Fairfax County public schools has improved. The percentage of minority students taking SAT's and advanced placement courses has substantially increased, as have minority students' and overall students' test scores. The school system's overall dropout rate has declined to 1.9 percent. Fairfax County public schools' magnet school for science and technology has had more National Merit Scholarship semifinalists than any other school in the country every year for the past 5 years. The percentage of special education students employed after graduation is 87 percent, compared to 46 percent nationally.

Spillane continually implements programs that improve the achievement of all students, encouraging creative and instructional approaches, and strengthens the core academic program of the average student. In a time of rapidly changing demographics and financial recession, Spillane has continued to focus on high expectations and achievement for all students, sending increasingly well-prepared students to higher education and to the work force.

A native of Lowell, MA, Spillane holds a bachelor's degree from Eastern Connecticut State University and a master's and doctoral degree from the University of Connecticut in Storrs, CT. He has attended the Advanced Administrative Institute at Harvard University. Spillane began his teaching career in Connecticut and served as both elementary and a secondary school principal in districts there. From 1965 to 1966, he was a school superintendent successively in three communities of increasing size: Glassboro, NJ; Roosevelt, Long Island, NY; and New Rochelle, NY. In 1978, the New York Board of Regents appointed Spillane as deputy State commissioner of education for elementary, secondary, and continuing education. From 1981 to 1985, he held the post of superintendent of schools in Boston. He took the post of superintendent of Fairfax County public schools in July 1985.

Mr. Speaker, I know my colleagues join me in recognizing and congratulating Dr. Spillane for his remarkable achievements.

TRIBUTE TO JUSTINE BARNS

HON. LYNN N. RIVERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Ms. RIVERS. Mr. Speaker, I am pleased today to recognize Justine Barns. The Wayne-Westland School District in Michigan recently renamed a school in her honor. The school has been named the Jefferson-Barns School in recognition of two great American patriots, Thomas Jefferson and Justine Barns.

Mrs. Barns retired late last year from her seat as the representative from Michigan's 18th district to the State legislature, a post that she held for the past 12 years. In the State House, Representative Barns served on the economic development and education committees, as well as chairperson of the senior citizens committee. Mrs. Barns, through her legislative posts, advanced causes she felt strongly about, in particular seniors issues and education.

Justine Barns' record of service spans five decades. In 1966, Mrs. Barns was elected to the Westland City Council and has continued to serve that city faithfully ever since. Justine Barns' commitment to her community has reached far beyond the elected offices she has held. Mrs. Barns served as president of the PTA demonstrating her strong dedication to education. She also served as the chairperson of the Westland United Fund drive and currently is a member of the Westland Goodfellows and the Westland rotary club.

Mrs. Barns' undying commitment to her community has brought her much recognition. She has been named Westland Woman of the Year, Citizen of the Year by Ford Motor Co., Leader of the Year by the Westland YMCA and Legislator of the year by the Michigan Association of Police Chiefs. It gives me great pleasure to recognize and commend Justine Barns, her fervent commitment to public service serves as an outstanding example for us all.

TRIBUTE TO ST. MARY'S PARISH SCHOOL

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 21, 1995

Mr. KLECZKA. Mr. Speaker, I rise today to recognize St. Mary's Parish School in Hales Corners, WI, as one of seven national finalist teams in the National Engineers Week Future City Competition.

This competition strives to introduce youth to engineering through practical applications of math and science. Teacher Jeannette Van Hecke, advising engineer Clark Wantoch, and students Ryan Kukor, Craig Roush, and Todd Wallschlaeger comprise the regional team which used graphic software to design their future city on the computer. All teams then built table-top models of the cities illustrating their futuristic ideas, and wrote essays describing how they would encourage residential and industrial recycling.

During the national finals this week, these teams will present their designs for 21st century cities before some of our Nation's most prominent engineers.

George Washington had the educational background of an engineer and of a land surveyor, and is considered the Nation's "First Engineer." As President, Washington led a growing society toward technical advancements, invention, and education. He promoted the construction of roads, canals, the U.S. Capitol, and the development of manufacturing resources. As you all know, this American tradition of excellence in infrastructure and engineering has been maintained over the years. It is alive and well in these unique young men and women.

Mr. Speaker, I congratulate St. Mary's team on their achievements, and wish them luck in the finals. I commend them on their aspirations, and hope they continue to follow in the footsteps of our first President—displaying remarkable ingenuity, and always looking to build a more promising future.