

"Endless Love," and his last film, the box office and critical smash, "Patch Adams." Richard Kiley possessed one of the most melodious and thus frequently heard voices in show business. He narrated numerous television programs throughout the years, including thirty years of "National Geographic" specials, "Mysteries of the Bible," "Nova," and "The Planet Earth."

Unlike many successful show business personalities, Richard Kiley did not divorce himself from his community, but remained an activist who his neighbors in Warwick, NY, knew they could count upon for assistance with community concerns, most especially in protecting the local environment.

Richard devoted time and energy to a number of charitable concerns, and has never been known to turn his back on any worthy cause or individual in need of help.

Richard Kiley was truly a man for all seasons and all generations.

We extend our condolences to Richard's widow Pat, and to his six children: Kathleen, Erin, Dierdre, David, Michael, and Dorothy. Richard also leaves behind 12 grandchildren and one great-grandchild.

Richard Kiley was a person who could serve as a role model not only to aspiring actors and actresses, but to all young people who aspire to success in their professions and as good citizens. Richard Kiley is an individual whose shoes will be difficult to fill, and who will long be missed.

CHEAP CAR PARTS CAN COST YOU A BUNDLE

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 11, 1999

Mr. TOWNS. Mr. Speaker, I would like to bring to my colleagues' attention the attached article, "Cheap Car Parts Can Cost You a Bundle", from Consumer Reports which appeared in its February 1999 issue.

CHEAP CAR PARTS CAN COST YOU A BUNDLE

One January morning last year, Daniel Della Rova was passing another car at about 55 mph on Route 222 near Kutztown, Pa. Suddenly the hood of his 1988 Honda Accord flew up, fractured the windshield, and wrapped itself around the roof. Unable to see ahead, Della Rova gripped the wheel tightly and managed to steer to the side of the road. "Lucky," he says, "I didn't hit anything." But the insurance company declared the car a total loss.

According to Charlie Barone, a vehicle damage appraiser in Malverne, Pa., who has examined the car, the cause of the mishap was what collision repairers disparagingly call offshore "tin"—a cheap imitation hood made by a Taiwan manufacturer. It's one of many, mostly Asian-made imitations of automakers' OEM (original equipment manufacturer) parts.

Barone, an outspoken critic of imitation parts, says they're cheaper than OEM for a reason: "They're inferior to original manufacturer parts."

He adds that the previous owner of Della Rova's Honda, who had damaged the original hood in a minor accident, probably paid \$100 less for the imitation hood than the \$225 the Honda OEM part would have cost. But the real cost could have been catastrophic.

An auto-repair problem similar to Della Rova's may be parked in your driveway right

now. If your car was ever in an accident, the repair shop may have installed cheap imitation parts, perhaps without your even knowing it.

Crash parts are a big business. Each year, U.S. drivers have an estimated 35 million automobile accidents costing some \$9 billion in crash parts. The most frequently replaced parts are bumpers and fenders.

Not all imitation parts are bad. Various brand-name replacement batteries, filters, spark plugs, and shock absorbers can provide quality along with competitive pricing. Some body-part copies are OK, too, but others are junk.

Several consumer groups have supported imitation crash parts, and for good reason: These parts provide competition, forcing automakers to reduce prices. That's good for consumers—but only if quality doesn't suffer. Unfortunately, the quality of imitation crash parts can vary widely.

Many collision repairers complain that imitation parts generally don't have the same fit and quality as OEM parts. "Approximately 75 percent of the time, you have to make modifications or tweak the sheet metal to make aftermarket body parts fit," says Phillip Bradshaw, owner of Bradshaw Collision Centers in Madison, Tenn. "And even then, it's often impossible to get the alignment and fit right."

In an effort to assure the quality of imitation body parts, the insurance industry established the nonprofit Certified Automobile Parts Association in 1987. To date, CAPA's certification program covers a small percentage of imitation body parts.

Because of the controversy over the price and quality of collision-repair parts, we decided to conduct our own tests on fenders and bumpers to learn about their quality firsthand. All the non-OEM fenders that Consumer Reports tested were CAPA-certified. (CAPA doesn't certify bumpers.)

We also investigated the claims and counterclaims about the benefits of aftermarket parts. Our tests and investigation uncovered two key findings:

Most auto insurers endorse imitation parts because they can be 20 percent to 65 percent less expensive than OEM. But the companies we surveyed provided no evidence that those savings are being passed on to policyholders.

The imitation bumpers and fenders we tested were inferior to OEM parts. The bumpers fit badly and gave poor low-speed crash protection. Most of the fenders also fit worse than OEM fenders, and they rusted more quickly when scratched to bare metal.

THE PRICE VS. QUALITY DEBATE

Some insurers acknowledge there's a quality problem. That's why the In Insurance Exchange of the Automobile Club of Southern California uses only OEM metal body parts. "We have found significant problems in the quality and specifications of non-OEM sheet metal," says spokeswoman Carol Thorp.

Raleigh Floyd, an Allstate spokesman, says that his company uses OEM parts—and imitation parts "whose quality has been certified" by CAPA. But our tests of some CAPA-certified fenders indicate that the CAPA seal of approval is no guarantee of quality comparable with that of an OEM part. (The CAPA seal was affixed to the hood on Della Rova's Honda.)

Also, some consumers may not know what kind of parts they're getting. They may simply assume their car will be restored to its precrash condition.

Besides fenders and hoods, CAPA certifies other sheet-metal and plastic parts. In the crash parts market, CAPA parts account for 3 percent or less of the units sold. OEM parts account for 72 percent; salvage parts, 10 per-

cent. Non-CAPA imitation parts make up the remaining 15 percent. CAPA looms large in the industry because it's the only organization that sets quality standards for imitation replacement parts. Although its overall market share is small, CAPA is growing.

The debate over quality should heat up this summer as a \$10.4 billion class-action lawsuit, Snider vs. State Farm, goes to trial in Marion, Ill. The suit accuses State Farm of pressing shops and policyholders to use imitation parts that aren't equal in quality to OEM parts. That's "a breach of their promise to resote the vehicle to pre-loss condition," says Thomas Thrash, an attorney for the plaintiffs.

State Farm firmly denies this. "We believe these [non-OEM] parts are of the same quality as the manufacturer parts," says spokesman Dave Hurst.

Insurers haven't always looked kindly on non-OEM crash parts. In the early 1980s, State Farm's periodic repair reinspections revealed that many repair shops were charging for OEM parts but installing cheaper imitations and pocketing the difference.

"The shops were making a very long dollar," says Stan Rodman, director of the Automotive Body Parts Association, which represents manufacturers and distributors of imitation parts—and which was briefly the predecessor of CAPA. "They were getting a non-OEM fender for 90 bucks that the insurance company was paying them \$400 for."

By the mid-'80s, however, insurers began recommending imitation parts. Their repair estimates assured policyholders that the parts were as good as OEM parts.

The plaintiffs in the State Farm suit allege that the insurer knew better. In June and August 1986, for example, State Farm consultant Franklin Schoonover warned the company's research department that a sampling of imitation crash parts tested earlier that year by the Detroit Testing Laboratory represented a "major risk for consumer usage when compared to the GM OEM parts."

The lab found that some of the imitation parts weren't as strong, were more likely to have problems with cracking and peeling paint, and showed weight differences, indicating a wide variation in quality control.

In 1987, Ford sued Keystone Automotive Industries, the largest distributor of non-OEM body parts in the U.S., for using the phrase "like kind and quality" to compare its imitation parts with OEM parts. In 1992, a U.S. District Court ruling found that Keystone's claims were "false" and "made with the deliberate intention of misleading the public." In a \$1.8 million settlement, Keystone agreed to allow Ford to state in its advertising, "Crash parts from Keystone do not meet Ford OEM quality."

"We should not have made those statements," says Charles Hogarty, president and CEO of Keystone, which now uses the term "functionally equivalent" to describe its products. Hogarty says the description is "probably loose enough to mean whatever you want it to mean . . . it's not identical and there may be some minor, we'd say insignificant, differences."

THE CONSUMER CONNECTION

After it was established in 1987, CAPA compiled a manual that spells out quality controls, test procedures, and other steps required for manufacturers to get its seal.

In 1988, CAPA added consumer advocate Clarence M. Ditlow to its nine-member board. Ditlow is executive director of the Center for Auto Safety, a nonprofit watchdog group founded in 1970. (He is also on the board of directors of Consumers Union, Publisher of Consumer Reports. The center received funding from CU during its early years.)

In 1989, CAPA hired Jack Gillis as its executive director. Gillis is also director of public affairs for the Consumer Federation of America and the author of a long list of consumer-oriented books.

Ditlow says that CAPA parts are better quality than non-CAPA imitation parts "by virtue of the fact that you set a standard." But when asked, neither he nor Gillis provided compelling evidence to support that claim.

Gillis also says that CAPA parts are of "like kind and quality" to OEM parts. But CAPA's quality-standards manual requires only "functionally equivalent" parts. Such a careful choice of words is significant: A Saturn may be functionally equivalent to a BMW, but the two are hardly equal.

A twice-a-year survey of 500 repair shops done for the auto industry by Industrial Marketing Research of Clarendon Hills, Ill., does suggest that CAPA parts are better than non-CAPA and that the quality of all imitation parts is improving. But according to the same study, only one-third of repair shops termed CAPA parts an acceptable substitute for OEM parts. Two-thirds judged the quality of CAPA parts "somewhat worse" or "much worse" than OEM parts.

In the IMR study, repairers also indicated that customers came back twice as often with complaints about imitation parts, and that shops often must absorb the cost of extra labor.

Last March, the Automotive Service Association (ASA), representing more than 12,500 repair shops, withdrew its support of CAPA because "CAPA has failed in its mission" and hasn't assured imitation crash parts that are equal in quality and consistency to OEM.

"ASA is no friend of the consumer," says Ditlow. "These are people who have an agenda, and that agenda is higher repair costs." But CAPA board member Clark Plucinski, who oversees a network of 30 repair shops, says that ASA has grown frustrated with the slowness of CAPA's progress, despite the fact that CAPA is improving the quality of all imitation parts.

Gillis says that CAPA has an "aggressive" program to solicit complaints from repair shops, but that last year it received only 1,055 complaint forms on some 2.3 million CAPA parts used. However, Plucinski says that hands-on collision-repair people are more likely to chew out the parts supplier than to fill out a complaint form.

ONE SIZE FITS NONE

Collision repairers we talked to almost universally complained that too many imitation parts, whether CAPA-certified or not, leave noticeable gaps and don't always match the car's contours. They "fit like a sock on a rooster's foot," says a Scottsdale, Ariz., collision repairer who fixes almost 200 cars each month.

"Fifty to 70 percent of the time the darn things don't fit," says John Loftus, executive director of the 8,000-member Society of Collision Repair Specialists, a trade association.

Jerry Dalton, owner of the Craftsman Auto Body chain in Virginia, says, "I like the idea of alternate parts other than OEM to keep pricing in line, and we try to use them as often as we can. But we still have to return a large percentage of them."

In a demonstration in Colorado Springs, Colo., last October by the Collision Industry Conference (CIC), a repair-shop education and training group, a CAPA hood and fender and a non-CAPA imitation headlight assembly didn't fit properly on an undamaged 1994 Toyota Camry, though a non-CAPA parking light and grille did fit. (Gillis, who was at the demonstration, says that the fender had

been decertified just days earlier, and that he himself decertified the hood on the spot.) At another CIC demonstration in Dallas last December, all the CAPA and non-CAPA substitute parts fit well.

Of 160 repairs shops surveyed last year by Frost & Sullivan, an independent international marketing consulting firm in Mountain View, Calif., 89 percent said that it takes about two hours longer to install an imitation part, costing \$60 to \$90 extra in labor.

HOW CAPA TESTS

CAPA uses Entela Laboratories, an independent test lab in Grand Rapids, Mich., to verify adherence to its standards. Entela has industry-standard equipment and the capability for testing materials.

Reports provided by Entela detail various side-by-side tests of materials in parts being considered for CAPA certification and their OEM counterparts. Entela reports for the Honda and Ford fenders we evaluated include material thickness, chemical composition, tensile strength, and corrosion resistance. The imitation part must be within certain limits of the OEM part in order to be granted certification.

The other half of the certification process is inspection of fit, done at the factory. The Entela fender reports we read list measurements of gaps, flushness with mating parts, and size and location of holes and slots. Each report gives the range of dimensions that the CAPA part must fall within.

The Ford and Honda fenders like those we evaluated appeared to have fallen within CAPA limits in the reports, and they were certified. We did find inconsistencies in the number of holes and slots among the same CAPA-certified part made by different manufacturers.

There may be two reasons for the poor fit of CAPA parts that repair shops complain about. One is "reverse engineering"—where manufacturers make copies of OEM parts. Although Gillis didn't acknowledge problems of fit with CAPA parts, he blames OEM parts for being inconsistent.

But Greg Marshall, Entela's research and development manager, says the OEM parts variations are perhaps 0.060 inch. Even when magnified by the copying process, that shouldn't account for the fit problems we found in CAPA fenders.

The second problem is that CAPA sheet-metal parts are tested for fit on a jig rather than on a car. Gillis says CAPA is changing its standards to require that each part be designed and fit-tested to its intended vehicle as of April. If implemented, that should improve fit. But Gillis says that the requirement will be only for newly certified parts. Parts already certified aren't affected by this change unless CAPA receives at least five complaints about the part in one year.

Repair-shop owner Dalton, a CAPA adviser and a former member of its technical committee who has visited plants in Asia, raises another issue. He says that CAPA isn't able to exercise sufficient control over quality "because they don't buy or sell the parts, and CAPA is a voluntary program."

To assess the claims and counter-claims of the controversy, we installed a sampling of replacement fenders and bumpers on cars and simulated several real-world challenges.

CR'S TEST RESULTS: FENDERS

Our engineers mounted three OEM and six CAPA left fenders on each of two popular cars, a 1993 Honda Accord and a 1993 Ford Taurus. (Our shoppers, who bought the fenders in the New York area and in California, couldn't find non-CAPA fenders for these cars.) Without making the extensive modifications a professional shop might have to carry out, we judged their appearance.

Two of the Ford OEM fenders matched up nicely, while the third didn't fit as well. By contrast, we found fit problems with all six CAPA fenders for the Ford. Some would require widening the holes or using shims. The worst didn't match the contour of the car and would require significant reworking.

All three Honda OEM fenders fit well. Three of the CAPA fenders for the Honda also fit well, but the other three had problems similar to those for the Ford.

We then had a repair shop install one OEM fender and two CAPA fenders on each car, allowing the professionals to work the metal as they ordinarily would to make it fit. The shop found problems similar to the ones we found with the CAPA fenders. After working for an extra 30 to 60 minutes, the shop judged the resulting fit acceptable, though not as good as that of the OEM fenders.

Rust resistance. To simulate what rocks, vandals, or a shopping cart might do in the real world, we scratched a grid down to bare metal on four primed but unpainted fenders—two OEM and two CAPA-certified. We then hired a lab to put them through a cyclic 168-hour salt-spray fog test, in accordance with industry test standards. Both CAPA fenders showed heavy red rust by the end of the test. The Ford OEM fender showed only moderate white corrosion; the Honda OEM fender, nearly none.

The superior performance of the OEM fenders (and the telltale white corrosion) resulted from galvanization, in which a zinc coating is bonded to the steel. When the paint and primer are scratched, the zinc protects the steel by sacrificing itself, oxidizing into a white residue less damaging than rust. Most OEM parts are galvanized on both sides. The CAPA parts we tested aren't galvanized.

CAPA's corrosion test is different from ours. Entela engineers scratch an "X" in the primer and then expose the fender to a 500-hour salt-spray test. The parts get CAPA approval even when the X-ed area rusts, since the test is designed to evaluate the primer rather than the metal beneath. CAPA regards the results as problematic only if the rust spreads, making the primer blister or flake 3 mm beyond the "X," or if 10 percent of the entire fender shows red rust.

Gillis says galvanization is "not much of a value added because today's automotive paint processes are quite good." But Bruce Craig, a fellow of the National Association of Corrosion Engineers and author of the American Society of Metallurgists' Handbook of Corrosion Data, says, "It's kind of a slam dunk that galvanized is better. I'm perplexed why there would be a controversy."

That's a reason the Interinsurance Exchange of the Automobile Club of Southern California won't use imitation body parts: "You get bubbling, paint flaking off, premature rusting," says Gil Palmer, assistant group manager for physical damage claims.

Gillis told us that CAPA would begin requiring all sheet-metal parts manufactured starting January 1 to be galvanized to earn certification. That should be a major step toward equality with OEM parts. Meanwhile, distributors will continue to sell ungalvanized CAPA parts that are already in the sales pipeline.

Strength. We found the CAPA fenders comparable with OEM in one respect: Our tests for tensile strength uncovered no significant differences between CAPA and OEM fenders.

CR'S TEST RESULTS: BUMPERS

CAPA doesn't certify bumpers. A repair shop under our engineers' supervision installed a total of 4 OEM and 17 imitation bumpers, bought in the New York area and in California, on our Honda Accord and Ford Taurus. We saw startling deficiencies in the imitations.

How they fit. All the OEM bumpers fit nicely. But none of the imitations did, even after we redrilled or widened their holes as needed. All left large gaps or uneven surfaces.

How they protect. Our hydraulic bumper-basher simulated the thumps that might occur, say, in a parking lot—at 5 mph head-on, 5 mph offset, and 3 mph on the right corner. That's our standard test for new cars.

The OEM bumpers suffered only minor damage. Even so, repairing the scuffs and indentation on the Ford bumper would cost \$235, and replacing the Honda's scuffed bumper cover and underlying brackets would cost \$576. Those are pricey scuffs, but at least the OEM bumpers protected the cars themselves from damage.

In our 25 years of bashing hundreds of new-car bumpers, we've seen few perform as miserably as the imitations. Twelve of the 17 sustained so much damage in the first bash that we couldn't test them any further.

One imitation bumper shattered and allowed our basher to damage the Ford's headlight mounting panel, radiator support, and air-conditioner condenser. Repairs, using OEM parts, were estimated at \$1,350. Another imitation bumper allowed our basher to damage the Honda's radiator, air-conditioner condenser, radiator-support tie bar, and center lock support. Repairs, using OEM parts, were estimated at \$1,797.

LIMITED CHOICES

Most insurance adjusters don't clearly disclose that you're getting imitation parts of potentially lesser quality. ("Like kind and quality" or "LKQ" on the paperwork is a cryptic giveaway.) Some repair shops complain that they must follow the insurer's "recommendation" or risk losing customers from "direct repair programs"—the automotive equivalent of managed health care that most auto insurers use to cut costs.

The Automotive Service Association says that 33 states require repair shops to disclose the use of imitation parts to consumers. Six others—Arkansas, Indiana, Oregon, Rhode Island, West Virginia, and Wyoming—also require the consumer's written consent.

But disclosure and consent are meaningless if insurers promise higher quality than they deliver. The lawsuit against State Farm argues that the insurer did not restore damaged vehicles to pre-loss condition as promised.

Don Barrett, an attorney for the plaintiffs, says that cars repaired with "2/55 fenders"—an appraisers' disparaging term for fenders identifiable as imitations "from two miles away at 55 mph"—reduce appraised value by at least 10 percent.

John Donley, president of the Independent Automotive Damage Appraisers Association and a CAPA proponent, says that it's poor fit and poor corrosion resistance, not the mere fact that a part is an imitation, that hurts appraised value. Either way, that could be a problem not only at resale time but possibly at the end of a lease.

Industrial Marketing Research found that insurers call for imitation parts 59 percent of the time. We surveyed 19 of the nation's largest private auto insurers, who wrote 68 percent of the \$115 billion in policies in 1997, and asked if they require or recommend imitation body parts for covered repairs. Nine didn't respond (American Family, California State Auto Assn., CNA, GEICO, GMAC, Metropolitan, Progressive, Prudential, and Safeco). Of the ten that did, Allstate, Erie, Farmers, State Farm, and USAA said they recommend but didn't require imitation parts.

Allstate says that if a customer insists on OEM parts, it will pick up the bill. Erie, State Farm, and Travelers make the customer pay the difference.

The Hartford said it doesn't recommend imitations for safety-related parts but does allow them for noncritical applications. And Travelers Insurance doesn't recommend imitations for cars less than two years old or with less than 20,000 miles.

The Interinsurance Exchange of the Automobile Club of Southern California, which writes policies only in Arizona, California, New Mexico, and Texas, calls for imitation parts only for nonmetal trim items like bumper covers and moldings.

INSURERS AND CONSUMERS

Many of the insurers maintain that imitation parts keep premiums down, but none provided hard data to prove it.

CAPA and auto insurers have spent the last decade promoting imitation parts as purely pro-consumer. By breaking the automakers' "strangle-hold monopoly" over crash parts, says one recent release from the Alliance of American Insurers, auto insurers protect consumers from high parts prices and high insurance premiums.

"There is absolutely no question the insurance industry is on the side of the angels on this issue," says Gillis.

But there is a question.

Buying imitation parts simply diverts money from the pockets of one big industry—automobile manufacturing—to the pockets of another big industry—auto insurance. The insurers won't earn their wings until they demonstrate that a fair share of the money they save ends up in the pockets of consumers.

And CAPA, whose executive director often accuses automakers and repair shops of having a financial interest in promoting OEM parts, has its own financial interests. Half of its \$3.9 million budget comes from insurance companies (the other half comes from the sale of CAPA seals to parts manufacturers). And six of the nine CAPA board members are insurance-industry executives.

The Center for Auto Safety—whose executive director, Clarence Ditlow, is a CAPA board member and a staunch advocate of CAPA parts—also receives funding from the insurance industry, though to a much lesser extent. In 1998, State Farm and Allstate contributed some \$50,000 to CAS, according to Ditlow. (He says that amounts to only five percent of annual revenues. He also says that CAS' insurance funding has steadily decreased since the mid-1970s.)

Where's the consumer in all this? For now, stuck in a bind between automakers that charge high prices for factory body parts and auto insurers that push less-expensive parts of questionable quality. Until things change, car owners—including used-car buyers who may inherit the inferior crash parts—are being ill served.

CELEBRATING THE 10TH ANNIVERSARY OF VA'S CABINET DESIGNATION

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 11, 1999

Mr. FILNER. Mr. Speaker, I rise today to recognize Monday, March 15th as the 10th anniversary of the Department of Veterans Affairs (VA) as a Cabinet-level position.

Because by 1988, VA had become the largest independent agency in government, thought was given to its recognition as a member of the President's Cabinet.

Serving a population of 27.5 million veterans with a budget of \$28.3 billion, with 245,000

employees, it was second only to the Department of Defense in the number of staff providing service to our citizens.

At the urging of both Congress and many veterans' service organizations, the current President endorsed the idea that the time had come for the VA to become a part of the Cabinet. It was time to give our nation's veterans their seat at this highest table of government.

Elevating the Department of Veterans Affairs to Cabinet level status provided the Department the opportunity to have greater national impact for veterans in the fields of health care, education, housing, and insurance. It was a move that cost virtually nothing in that era of tight budgets, yet gave veterans a prominent voice in the issues that dominate the national agenda.

I congratulate the Department of Veterans Affairs on a decade of growth in service to our nation's veterans, the dedicated men and women who accepted the challenge to protect their country, many of which gave the ultimate sacrifice for our freedom and liberty. I further encourage the Secretary of the Department of Veterans Affairs and his staff to continue to take full advantage of the opportunity that Cabinet-level status provides to advocate on behalf of these brave men and women.

REFORESTATION TAX ACT OF 1999

HON. JENNIFER DUNN

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 11, 1999

Ms. DUNN. Mr. Speaker, I am introducing today the Reforestation Tax Act of 1999 along with 16 of my colleagues who are deeply concerned about the future of our forest products companies. With the global marketplace becoming more competitive, we must take positive steps to remove barriers to our companies' ability to compete abroad. In the case of forest products, one of the largest impediments to success is our nation's tax code.

Beginning with changes brought about by the Tax Reform Act of 1986, America has been struggling to competitively produce timber in a global market. Despite a tax system that gives U.S. forest products companies one of the highest effective tax rates in the world, they have been one of the most visionary sectors in helping to expand trade into new markets. During the recent negotiations over sectoral liberalization in the Asia Pacific Economic Cooperative forum, forest products companies worked closely with Congress and the Administration to try to develop a long-term agreement to benefit American workers. Unfortunately, this process has not come to fruition due to disagreements among competing nations, something common when we solely rely on multilateral trade agreements to increase our competitiveness. It is time to focus on what we can do unilaterally: adjust our tax code so that our companies are not disadvantaged in the global marketplace.

The Reforestation Tax Act recognizes the unique nature of timber and the overwhelming risks that accompany investment in the industry. It will reduce the capital gains paid on timber for individuals and corporations by 3 percent each year up to 50 percent. Because this reduction would apply to all companies, we minimize the current inequity whereby neighboring tracks of the same timber are taxed at