It is important to keep in mind that while tax-exempt bonds are generally used for worthwhile purposes, the program does entail a sizable commitment on the part of the American taxpayer. According to the Wall Street Journal in 1997, tax-exempt interest income was reported on about 4.9 million individual returns, and total tax-exempt interest amounted to $48.5 billion.

Because there is a sizable commitment here, Congress and the Treasury have developed complex and carefully crafted rules to assure that these bonds are used for bona fide pubic purposes and not for private use of the Federal subsidy in tax-exempt bonds. These rules are intended to protect the taxpayers' interest and preserve a level playing field for concerned businesses.

A couple of instances have come to my attention in the last few months which suggest that there may be some misunderstanding of the very complex rules governing tax-exempt bonds and the intent behind these rules which have led local authorities to consider use these bonds to enter into direct competition with the private sector. The instances to which I refer include one in Las Vegas, where a local authority reportedly wishes to build a large addition to its convention center, and another in San Diego, where a local authority is reportedly looking at building a large hotel.

In cases like these, the taxpayer-subsidized facility can offer customers prices well below those that could be offered by a private facility financed at higher market rates. This strikes me as blatantly unfair, particularly in those cases where a taxpayer-subsidized facility is not a new enterprise, but instead siphons off business from already existing private business. Closing this loophole is the principal goal of my bill.

Obviously, my concern is with situations where the government is acting as a business and attracting customers. This legislation will have no effect on bonds used to build, maintain, or repair schools, hospitals, roads, or other facilities performing functions which private enterprise cannot or will not perform.

Mr. Speaker, it is bad enough that the government can impose unnecessary and costly regulatory burdens on the private sector. But, when that same government uses tax-exempt bonds to engage in competition with business, it raises a question of basic fairness.

It also blurs the lines of the role of government. Is it a wise use of taxpayer dollars to subsidize local government competition with business? I would again argue that my constituents would not support this notion or many other taxpayers.

Mr. Speaker, these are serious, national policy issues which need to be addressed on a bipartisan basis so that we can protect both private enterprises from subsidized government competition and the taxpayer interests.

It should be made clear at this point that the idea that federal tax subsidies and tax exemptions should not be used to create such an unfair competitive advantage is already in the current tax code. To prevent unfair competition, for nearly 50 years, there have been laws that have taxed businesses conducted by charities if the activity of that business is the type normally conducted by private taxable enterprises.

Keeping in line with this precedence, the legislation I introduce today closely tracks H.R. 2756 by denying tax-exempt financing for certain facilities that compete directly with existing private sector facilities in the same community. Specifically, it accomplishes this by deeming as nonexempt any ''private activities bond'' within the meaning of Section 141 of the Internal Revenue Code, any bond issuance, a significant amount of which is used to finance the construction, expansion, or substantial reconstruction of a facility which would be rented to businesses which could otherwise be served by an existing competing private facility.

As a clarification, Mr. Speaker, let me say again that the bill does not affect bonds issued for traditional functions of government: roads, bridges, schools, etc. To make this perfectly clear, it specifically exempts from its provisions educational institutions, hospitals, or similar facilities which provide educational services or medical care to members of the general public.

With one minor exception, the bill will not apply to ''qualified bonds'' that Congress has previously exempted from restrictions on ''private activity'' bonds. This includes bonds used for so-called ''exempt facilities'' under Section 142 of the Code, which includes such projects as airports, water treatment plants, dockets and wharves, local power plants, etc. An exception is made for certain lodging facilities located in markets which could be served by private owned facilities, and these would generally be covered by my bill.

Furthermore, the bill include language to assure that projects, where physical construction has both already commenced in a material fashion (other than site testing, site preparation or similar activities) and is substantially underway, are not impacted. In fairness to those who may be planning transactions which fit within the parameters of this legislation, and to assure those local authorities, in an attempt to ''beat the clock,'' do not rush through bond offerings before this bill is enacted, the bill include a clear effective date for all provisions with the exception of those addressing lodging facilities, which carry a date of enactment effective date.

Mr. Speaker, the legislation will protect businesses from having the Federal Government grant local government facilities an unfair advantage over them in the marketplace. Further, it will protect all taxpayers from having their tax dollars used to subsidize local government efforts to enter into, or expand its presence in, non-traditional business functions already being performed by private enterprise.

RECOGNIZING PARTICIPANTS OF ''VOICES AGAINST VIOLENCE: A CONGRESSIONAL TEEN CONFERENCE''

HON. MICHAEL F. DOYLE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 18, 1999

Mr. DOYLE. Mr. Speaker, I rise today to recognize three wonderful teenagers from my Congressional District. Miss Ashley Cole, a junior at Woodland Hills High School; Mr. Aniruddha Chatterjee, a senior at Fox Chapel High School and Mr. Jonathan Hobaugh, a senior at Elizabeth Forward High School will be representing Pennsylvania's 18th Congressional District in ''Voices Against Violence: A Congressional Teen Conference'' which began here in Washington this morning.

This conference, which has brought together some 350 students from across the country, will enable young people from all walks of life to discuss their experiences and ideas for the causes and prevention of youth violence. The young people involved in the conference will participate in workshops covering a variety of issues including: violence in the media, hate crime prevention strategies and peer mediation training.

Ashley, Aniruddha and Jonathan will participate in drafting a House Resolution, which will be presented for immediate consideration, stating the actions this Congress can take to help prevent youth violence.

Prevention of violence by and against our Nation's youth is a top priority. I am honored to have three such fine young people work with us helping to find the solutions to this problem.

PERSONAL EXPLANATION

HON. NEIL ABERCROMBIE

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Monday, October 18, 1999

Mr. ABERCROMBIE. Mr. Speaker, I would like the RECORD to show that I would have liked to have been a cosponsor of H.R. 354, the Collections of Information Anti-Piracy Act, if the list of cosponsors was not closed. I strongly support the passage of H.R. 354.

TRIBUTE TO ORANGE COUNTY WORKS

HON. CHRISTOPHER COX

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 18, 1999

Mr. COX. Mr. Speaker, I rise today to commend Orange County Works, an outstanding program in Orange County, CA that provides vital assistance to foster care children. For over 9 years, Orange County Works job readiness workshops have given foster children the opportunity to learn from successful, high-profile business leaders, ensuring youths leaving the foster care system at age 18 will design career paths for themselves to self-sufficiency and success. Orange County Works will provide job readiness training to 400 youths in 1999 alone.

Recently, Orange County Works was honored by being named as a partner in the BridgeGate 20 Initiative. This Initiative, sponsored by BridgeGate LLC, the executive recruitment firm, recognizes leaders in the Southern California information technology business community who have demonstrated a commitment to building employee knowledge in order to improve company performance. The BridgeGate 20 Initiative will assist Orange County Works to create employment opportunities for still more foster care children.

Orange County Works President and Founder, Don Mac Allister, once a foster child himself, was motivated to create a program that makes a real difference in helping foster children stay off the streets. He demands success from each foster child that is part of his program. Don Mac Allister's passion and determination to improve the foster care system