

potential costs of the project, and also with our unwillingness to provide U.S. Government funding for the construction of nuclear reactors in North Korea. Since 1994, Congress has routinely agreed to U.S. funding for the delivery of heavy fuel oil to North Korea pursuant to the Agreed Framework, but we have consistently prohibited U.S. funding for the construction of nuclear reactors.

Not once over the last five and a half years has the Administration come to us and told us they were considering imposing a contingent liability on the U.S. Government in connection with the construction of nuclear reactors in North Korea that could run into the tens of billions of dollars. Our staff had to ferret out this information through the conduct of congressional oversight, and most members of Congress first learned about it yesterday when they read about it in the press.

According to yesterday's press report, the Administration is considering imposing this liability on the American taxpayer by reinterpreting an old law in such way as to ensure that congressional approval will not be required. It is totally unacceptable that the Administration would consider obligating the American taxpayer in this way without the approval of Congress. The bipartisan legislation we are introducing today will make sure that the Administration cannot get away with this.

[From the Los Angeles Times, Apr. 12, 2000]

A RISKY POLICY ON N. KOREA

(By Jim Mann)

Warning to American taxpayers. Without knowing it, you may soon take on responsibility for what could be billions of dollars in liability stemming from nuclear accidents in, of all places, North Korea.

At the behest of the General Electric Co., the Clinton administration is quietly weighing a policy change that would make the U.S. government the insurer of last resort for any disasters at the civilian nuclear plants being built for the North Korean regime.

In case of a Chernobyl-type disaster in North Korea (a country not known for advanced safety procedures), the U.S. might wind up paying legal claims.

The proposed U.S. government guarantee, now being intensively studied by the State and Energy departments, would be aimed at easing the way for construction of two light-water nuclear reactors in North Korea. Those reactors are a key element in the Clinton administration's 1994 deal in which North Korea agreed to freeze its nuclear weapon program.

North Korea, which has defaulted on debts in the past, is too poor and unreliable to be counted on to pay legal claims arising from a nuclear accident. Private insurers are unwilling to take on the potentially astronomical claims of a North Korean Three Mile Island. So, American companies supplying parts for the North Korean reactors worry that, if there were a disaster, they would be sued.

Both the Clinton administration and GE confirmed that the company asked several months ago to be indemnified by the U.S. government before participating in the North Korea deal.

"We would like indemnity before we sign" any contract, said a spokesman for GE, which makes the steam turbines that would be used in the project.

"If there's an accident, they [GE officials] have to understand on what basis they'd be covered," explained Charles Kartman, the State Department's special envoy for North Korea.

Kartman acknowledged that GE's request was unusual, if not unique: Other firms participating in the North Korea project have been willing to go ahead without the indemnity GE is seeking in hopes that the unsettled liability questions could be worked out over the next few years.

How will the Clinton administration go about granting new legal protection to GE? It is reluctant to seek a new law from the Republican Congress, which often has criticized the administration's policy of engagement with North Korea.

That roadblock has set administration lawyers scurrying through the U.S. code, and they have found an obscure law that might be used in a new way to cover GE.

This law—Title 85, Section 804—was intended to indemnify companies that took part in nuclear cleanup operations. But the State and Energy departments are now thinking of applying it to protect the firms participating in the North Korean civilian reactor project.

Presto! One little legal reinterpretation by the administration and one huge new legal liability for American taxpayers.

Not to worry, insisted Kartman. The idea that the U.S. government will ever have to pay these claims is "very hypothetical."

He noted that the parts for the North Korean reactors would not be shipped for several more years and, in the meantime, the U.S. and other countries are trying to work out a new international agreement that would limit liability in nuclear accidents.

But ask yourself this: If the proposed international accord Kartman describes is such a sure thing and the prospects of claims from a nuclear accident are so remote, why can't the Clinton administration persuade GE to go ahead without the indemnity it is seeking? Why does the U.S. Government, rather than GE, have to take responsibility for this supposedly hypothetical risk?

Viewed strictly from GE's self-interest, its request has a certain logic. GE is a relatively small player in the North Korea project; most of the work is being done by South Korean companies. The sale of GE's steam turbines will bring in roughly \$30 million, yet the company fears it could face lawsuits ranging in the billions.

Why don't the organizers of the North Korea project simply do without GE and find another company more willing to take the risk?

They could. But doing that would require a redesign of the North Korea project, would lead to delays of a year or more and would increase the overall costs—most of which are being paid by South Korea. So, on the whole, everyone involved is eager to avoid losing the big American company.

For GE, it seems, the Clinton administration brings good things to life. The rest of us are left to pray that we don't get stuck with massive bills from nuclear plants we won't run in a country over which we have no control.

INTRODUCTION OF BILL TO AMEND INTERNET TAX FREEDOM ACT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 13, 2000

Mr. CONYERS. Mr. Speaker, I am pleased to join with Chairman HYDE, Commercial and Administrative Law Subcommittee Chairman GEKAS, and Ranking Member NADLER in introducing the "Internet Tax Reform and Reduction Act of 2000."

As the Ranking Member of the Judiciary Committee, I have been proud of our Committee's bipartisan accomplishments in helping to maintain our Nation's leadership in the information economy. These include modernizing our patent and copyright laws, insuring the availability of trained workers, and our passage last Congress of the Internet Tax Freedom Act.

Today, I join with my colleagues in introducing the Internet Tax Reform and Reduction Act of 2000 as the starting point in our process of considering possible legislative responses to the issue of the applicability of State and local taxes on the Internet. The legislation we are introducing today reflects the views of number of Advisory Committee on Electronics Commerce Members led by Virginia Governor James Gilmore.

I believe it is important that their views be converted into legislative language so that the Congressional review process can commence. I intend to work with Chairman HYDE and Representatives GEKAS and NADLER in seeing that the other members of the Commission, including Utah Governor Michael Leavitt, are given the same opportunity. I also expect that the Judiciary Committee's Subcommittee on Commercial and Administrative Law will hold a series of hearings during which all interested parties, including State and local elected officials, the technology community, and retailers will be able to offer their views.

The bill we are introducing today would amend the Internet Tax Freedom Act to impose a permanent moratorium on State and local taxes on Internet Access. It would also extend for 5 years the duration of the moratorium applicable to multiple and discriminatory taxes on electronic commerce and impose a 5 year moratorium on sales of digital goods and products. Further, the bill would set forth factors for the determination of jurisdictional nexus by the States with regard to Internet transactions, encourage the States to adopt a simplified sales and use tax, and set up an advisory commission on uniform sales and use taxes.

The issue of the application of State and local taxes on the Internet is one of the most important matters facing the Judiciary Committee and the Congress. The Internet has led our robust economy into the 21st century. Its use in both the commercial and consumer sectors has skyrocketed, spurring the development of new businesses, products and services, and new and less expensive research and communications methods. At the same time, the Internet poses many new and novel State and local taxation issues. The Internet is not a partisan issue by any means, and I am happy to join with my colleagues as we begin to address this critical issue.

CONGRESS NEEDS TO "WAKE UP" TO THE IMPORTANCE OF SLEEP

HON. JIM RAMSTAD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 13, 2000

Mr. RAMSTAD. Mr. Speaker, today I pay tribute to the Edina, Minnesota, School District, which was recently recognized by the National Sleep Foundation as the 2000 Sleep Capital of the Nation.