EXTENSIONS OF REMARKS

TAX INCENTIVES FOR TELECOMMUNICATIONS BUSINESSES

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 25, 2003

Mr. RANGEL. Mr. Speaker, today I am introducing legislation to provide tax incentives to encourage greater diversity of ownership in telecommunications businesses. My bill is a response to the increasing ownership of television and radio properties by large media companies.

I strongly believe that promoting a diversity of views on the airwaves is an important public policy goal. The only way to accomplish that goal is to broaden the ownership of broadcast stations. The television and radio spectrum is a limited resource. The trend in recent years has been a greater concentration of ownership of that resource by the large media companies. We need to reverse that trend.

Mr. Speaker, small businesses that wish to enter telecommunications businesses face significant barriers. To enter a broadcast business, a small business must purchase an existing property. Owners of those properties find it much easier to sell to large businesses than to small businesses. Therefore, small businesses quite often do not have a seat at the table when there are negotiations over the sale of broadcast properties.

My bill would attempt to reduce those barriers by providing limited deferral of capital gain taxation when a telecommunications property is sold to a small business. It would provide the sellers of those properties a positive incentive to consider a small business purchaser.

Large segments of our society historically have been underrepresented in the ownership of radio and television properties. I believe that it is vital that those groups have access to the television and radio spectrum so that their views may be represented on our airwaves. Therefore, my bill would provide a larger deferral of capital gain taxation when the sale is to a small business owned and controlled by individuals from these historically underrepresented groups.

Mr. Speaker, I understand that some may attack my bill as being the re-enactment of a flawed prior program. The provisions in my bill are quite similar to the tax certificate program that was repealed by the Congress in 1995. I do not quarrel with those who assert that there were abuses in that program. However, it is unfortunate that the Congress chose repeal and not reform because that program had been effective in accomplishing its goal of expanding ownership of radio and television businesses. In 1978, before the implementation of that program, only .05 percent of all broadcast stations in this country were owned by minority groups. By 1994, the year before the program was repealed, the program had succeeded in increasing minority ownership sixty-fold to 3 percent. Since that program was repealed, the number of minority-owned broadcast properties has declined.

The bill that I am introducing today contains provisions specifically designed to address the abuses in the prior program. It is limited to small business purchasers, it contains restrictions on the number of purchases that can be made by any one business, it contains recapture provisions to prevent the use of the small business as a front for another party, and it contains provisions designed to prevent avoidance of the ownership requirements through options or other sophisticated transactions.

I am hopeful that we can avoid the emotionally charged rhetoric that occurred in 1995 when this issue was last considered. All small businesses, regardless of their ownership, would be eligible for the benefits of my bill. It is true that the bill provides a slightly larger incentive when the small business purchaser is owned and controlled by individuals who are from segments in our society historically underrepresented in ownership of broadcast businesses. I believe this incentive is appropriate so that the views of those groups are heard on our Nation's airwaves. The bill simply attempts to ensure that small businesses, including minority owned small businesses, have a seat at the table when a broadcast property is being sold.

Mr. Speaker, I am hopeful that we will be able to deal with this issue on a bipartisan basis. We should all support the goal of expanding diversity in ownership of broadcast properties. I am pleased that in the past Senator MCCAIN introduced a similar proposal in the Senate. I am hopeful that we can find bipartisan support in the House. Following is a brief description of the provisions of the bill.

DEATH TAX REPEAL PERMANENCY ACT OF 2003

SPEECH OF

HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 18, 2003

Mr. MOORE. Mr. Speaker, I rise in opposition to H.R. 8, Permanent Death Tax Repeal Act and in support of the Democratic substitute.

I have long been a supporter of providing estate tax relief to American families, small business owners, and farmers who have worked their entire lives to transfer a portion of their estates upon their death. I have also been an advocate, however, for ensuring that we transfer to our children and grandchildren a healthy economy and a government that maintains its commitment to Social Security and Medicare.

In the last Congress, I voted to repeal the estate tax and later voted to override President Clinton's veto of that legislation. Again, in the 107th Congress, I voted to repeal the estate tax as a stand-alone measure and later voted for President Bush's $1.35 trillion tax cut, which contained a provision to phase out and ultimately repeal the estate tax.

When I voted for the president's tax bill last year, I did so with his assurance that we would have the money to pay for it without dipping into the Social Security surplus. Unfortunately, due to the recession and the war on terrorism, the budget surpluses projected last year did not materialize and we are now borrowing money from Social Security Trust Funds to pay for even our most basic needs including the war on terrorism.

While I agree that we should fix provisions of last year's tax cut to increase certainty in the tax code that will help people plan for their financial future, we should also make sure that we are not borrowing money—particularly from the Social Security Trust Funds—to pay for these cuts while we are simultaneously trying to enhance our national security needs. We should also ensure that we aren't raising other taxes to pay for provisions that are, quite frankly, political in nature and have nothing to do with ensuring that the estate tax burden is reduced on our small businesses and farms.

For example, Mr. Speaker, the underlying bill contains a hidden tax on all decedents. By fully repealing the estate tax, this bill would have the effect of repealing a provision in the code, referred to as the ''step up in basis,'' that protects heirs from paying capital gains on estates.

Anyone who has ever sold a ''capital'' asset, such as real estate, stocks, bonds, mutual funds, knows that cost basis is what the gain or loss on the sales price is measured against. Generally speaking, cost basis is the purchase price of property subject to certain adjustments upward or downward. For example, if property was purchased in 1950 at a cost of $10,000 and sold in 2001 at $100,000, an individual would have a taxable capital gain of $90,000. The step-up basis interacts with estates such that when this property passes by reason of death, the heir inherits the asset with a new cost basis equivalent to the market value of the asset on the date of the benefactor's death. Taking the example above, if the property were transferred in 2001 at a value of $100,000 and the heir sold the property in 2006 for $120,000, the heir would only have a taxable capital gain of $20,000 instead of $110,000.

Should this bill become law, an owner of farmland, stocks, mutual funds, or even a personal residence would have lost the opportunity to pass the asset to the next generation without passing along the owner's cost basis, thus reducing the future capital gains bill that will have to be paid when the heirs sell the asset. In short, this amounts to a tax increase on all estates due simply to the increased cost basis of the estate.

I believe there is a more responsible way to provide estate tax relief to our small business owners and farmers. The substitute will provide substantial and immediate relief by increasing a family's exclusion from $1 million to $6 million. It would also preserve the step-up

basis provisions in current law so heirs to an estate do not receive a large capital gains bill as they would if Congress repealed the estate tax entirely. All of these changes would take place immediately. The Treasury Department estimates that increasing the estate credit to $6 million would exempt approximately 99 percent of all estates without the dramatic loss in revenues.

Mr. Speaker, the substitute is also paid for. In this environment when our budget is in crisis, it is critically important that we do not continue to drown ourselves in red ink. The majority's bill would cost over $60 billion a year, at a time when we are running a $400 billion annual deficit. We simply cannot afford to borrow even more money to provide additional tax cuts.

Again, I have supported previous efforts to provide estate tax relief because, in the past, we have been able to afford it. I am concerned, however, that the total costs of these bills will continue to drive our nation into debt, and reduce our ability to deal with the long-term challenges facing Social Security and Medicare. Until we deal with the long term financial problems facing Social Security, we need to be very careful about any tax or spending bills that would place a greater burden on the budget in the next decade, effectively transferring these costs and burdens to our children and grandchildren.

A SPECIAL TRIBUTE TO ESPERANZA ON THE OCCASION OF THE 20TH ANNIVERSARY CELEBRATION

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 25, 2003

Mr. GILLMOR. Mr. Speaker, it is with great pride that I rise today to pay special tribute to an outstanding organization in Ohio. Esperanza, Ohio's only non-profit association dedicated to the promotion and advancement of education for Hispanics, has been serving the Hispanic community in Northeastern Ohio since 1983.

Over the duration of the last twenty years, Esperanza has become a vital asset to the Hispanic population in Ohio, aiding thousands of Hispanic youth with educational programming, tutoring, mentoring, college and career guidance, and scholarship opportunities for students pursuing higher educational opportunities.

Esperanza conducts programs for Cleveland youth in elementary, middle and high school. Furthermore, Esperanza offers a complimentary, instructional computer program to neighborhood residents. The fully equipped Community Technology Center provides individualized training sessions in keyboarding, data entry, Microsoft Office, Windows, and the Internet to Hispanics of all ages.

Esperanza's competitive scholarship program offers an annual process that is available to all Hispanic students residing in Northeastern Ohio. In 2002, with the aid of various corporations, educational institutions and individual donors, Esperanza was able to reward forty-seven Hispanic students with scholarships at the annual Fiesta of Hope Scholarship Luncheon.

NASA Glenn Research Center and Dr. Michael Schwartz, President of Cleveland State University, will co-chair this year's Fiesta of Hope Scholarship Luncheon.

Mr. Speaker, I ask my colleagues to join me in paying special tribute to Esperanza on occasion of the 20th anniversary celebration. Our communities are served well by having such honorable and philanthropic organizations, like Esperanza, who genuinely care about the well-being of Northeastern Ohio's Hispanic community.

REMEMBERING THE CONTRIBUTION AND LIFE OF GEORGE THOMAS ''MICKEY'' LELAND

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 25, 2003

Mr. RANGEL. Mr. Speaker, today, as we consider a resolution recognizing the work of our late colleague in the alleviation of hunger, I would like to honor George Thomas ''Mickey'' Leland for his contributions to this country and the world. He may have been the greatest advocate for the hungry that the House of Representatives has ever known. Mickey was born on November 27, 1944, in Lubbock, Texas. From 1972, when he was first elected into public office, until his death in 1989, Mickey Leland fought on behalf of the hungry, poor and less fortunate around the world. Neither partisanship nor race nor political boundaries prevented Mickey from reaching those who needed him. Republicans and Democrats alike respected Mickey for his determination and moral rectitude. I urge my friends and colleagues in this chamber to honor Mickey's memory by rededicating ourselves to eradicating world hunger and the poverty which is its cause.

In 1984, Leland co-authored legislation creating the House Select Committee on Hunger. It was the Committee's responsibility to focus solely on the widespread problems of hunger and malnutrition. Mickey chaired the Committee from its inception until his death. The Committee's efficacy stemmed from his unwavering moral leadership. He legislated on infant mortality, fresh food for at-risk women and children, and comprehensive services for the homeless. Mickey Leland refused to narrow the scope of his energy and dedication to his own country. Following reports of famine in sub-Saharan Africa, Speaker ''Tip'' O'Neil appointed Leland to lead a bipartisan Congressional delegation created to assess the magnitude of Africa's needs. The findings of that delegation resulted in $800 million in humanitarian relief.

In his pursuit to help the needy, Mickey traveled around the world. He met with Fidel Castro to reunite Cuban families and traveled to Moscow as part of joint U.S.-Soviet food initiative to Mozambique following the Cold War. He met privately with Pope John Paul II in 1987 and 1989 to garner support for his efforts in Africa. Mickey did everything he could. Those of us who were privileged to serve with him in this Congress were always inspired and challenged by Mickey to do more to alleviate the suffering of the people whom Jesus called ''the least of these.''

Mickey died just as he lived, trying to help. He never passed leadership to others when he could infuse a project with his warmth and energy. Mickey was leading a mission to a refugee camp in Ethiopia when his plane crashed, killing him and 15 others. Mickey died on August 7, 1989, near Gambela, Ethiopia.

DEATH TAX REPEAL PERMANENCY ACT OF 2003

SPEECH OF

HON. JANICE D. SCHAKOWSKY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 18, 2003

Ms. SCHAKOWSKY. Mr. Speaker, I rise in strong opposition to H.R. 8 and in support of the Pomeroy substitute. The House Republican leadership and President Bush are once again putting the interests of the Bush class ahead of the needs of working families and our future well being. They are once again demonstrating that they have the wrong priorities.

Providing tax relief for low wage hard working families remains a low priority for House Republicans and the Bush Administration. Instead, they want to once again provide even more tax breaks for people who need it the least by eliminating that inheritance tax. Republicans are denying immediate assistance to 12 million children who come from families that earn between $10,500 to $26 a year, and where one million of the children have parents that currently serve or have served in the military. Nearly 674,000 children or one in four children back in my home state of Illinois would have qualified for this aid. This is an outrage. Talk about having your priorities backwards!

Proponents of this legislation make baseless claims that it will help small businesses, farmers and working families. The claim that the estate tax puts small family farms out of business. The National Farmers Union disputes this assertion, ''There is no evidence that the estate tax has forced the liquidation of any farms, and existing estate tax already exempt 98 percent of all farms and ranches.'' The fact is that the estate tax currently affects only the richest 2 percent of estates, and the number dramatically shrinks as the exemption rises to $3.5 million in 2009. H.R. 8 eliminates the tax on the wealthiest 2 percent of all Americans—people like Bill Gates and Ken Lay. In my home state of Illinois less than 2500 families would benefit from the repeal of the estate tax. The rest of the public would not benefit from it at all. In fact, it will hurt their future and further damage our struggling Bush economy, where 2.7 million private sector jobs have been lost.

H.R. 8 will hurt our economic future because it would add at least an additional trillion dollars to the federal deficit over the next twenty years. The vast majority of Americans will have to make sacrifices to pay for this tax cut for millionaires. If this bill is enacted into law there will be less money available for Social Security, Medicare, and prescription drugs for seniors, not to mention homeland security and education. Mr. Speaker, how can it be that we do not have money to fund the Leave No Child Behind Act but we do have money to give more tax cuts for the super rich? How can this be?