

to order service cuts, job losses and new taxes. Washington pols could easily be tempted to make promises to valued constituencies and send the bill to states and municipalities. The federal budget might not suffer, but the jolt to local taxpayers could be immense.

Just now, the GOP hopes to assure governors and state legislators that another plank in its Contract, which calls for a crackdown on unfunded mandates, will eliminate this option. No doubt many Americans, and perhaps their state legislators, are so fed up and frightened by federal deficits that they are willing to take this leap into the unknown. Assurances that unfunded mandates will no longer be allowed may provide the security necessary to make that leap.

Even opponents of the amendment such as ourselves hardly believe it would be the end of the world. But to truly balance the budget, especially without tax increases, will mean eliminating services, slowing the growth of entitlement benefits and ending tax breaks. This is true even under optimistic scenarios for economic growth, given the ballooning deficits projected for the next century when the baby boomers retire.

Republicans would better spend their time devising real cuts in real programs and leave the hocus procus to Barnum and Bailey.

CHURCH RETIREMENT BENEFITS SIMPLIFICATION ACT

HON. BENJAMIN L. CARDIN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. CARDIN. Mr. Speaker, today I am introducing the Church Retirement Benefits Simplification Act of 1995. I am pleased to have Representative SHAW of Florida join me as an original cosponsor of this legislation.

The Church Retirement Benefits Simplification Act, which has in past Congresses had nearly 100 cosponsors, will simplify the rules in the Internal Revenue Code which apply to retirement plans sponsored by our country's religious denominations.

The centerpiece of the legislation is a proposed new section 401A of the Tax Code which would bring together in one place and clarify tax rules governing church retirement plans. By providing a separate code section which sets forth these rules as they apply to religious denominations, the bill will remove a great source of confusion and complexity. The relief provided by the bill applies to churches and to church ministry organizations, but not to church-related hospitals and universities.

The bill will extend relief already provided to churches which maintain 403(b) plans to churches and church ministry organizations which offer plans under section 401A. In the Tax Reform Act of 1986, Congress exempted churches with 403(b) plans from coverage and related rules. It is time to provide the same treatment to churches with 401(a) plans and remove the disparity we created then.

The need for this legislation stems from the fundamental differences between churches and the secular business organizations to which the coverage and related rules are primarily designed to apply. Churches and church ministry organizations are tax exempt. They therefore lack the incentive private sector employers have to maximize tax deductible employee benefit payments.

A related point is that the coverage and related rules are designed to limit the amount of income highly compensated employees can be paid on a tax-deferred basis. According to the 1994 Church Pensions Conference, however, ministers' salaries averaged just over \$33,000. These modest salary levels leave little cause for concern about the dangers non-discrimination testing is designed to prevent.

While some provisions of the Tax Code have no meaningful application for church plans, other requirements of the Tax Code are directly at odds with the theology and polity of particular denominations. While some denominations are hierarchical, others include many small, independent churches which have neither the personnel nor the resources to deal with complex compliance requirements.

By exempting churches and church ministry organizations from coverage and related rules, this legislation will permit them to devote their resources to fulfilling their spiritual and community-oriented missions.

A JUST AND LASTING PEACE IN THE MIDDLE EAST: WHAT CON- GRESS CAN DO

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 17, 1995

Mr. RAHALL. Mr. Speaker, the leadership of the Churches for Middle East Peace have co-written a letter to all Members of Congress concerning steps Congress can take to help build confidence between Palestinians and Israelis in order to continue making progress toward lasting peace.

The letter articulates two issues with profound implications for negotiations in the months ahead and which are also of urgent concern to the churches: The future of Jerusalem and the protection of human rights.

Mr. Speaker, the group, Churches for Middle East Peace, are made up of a broad range of religions and religious beliefs and practices, and they include: The American Baptist Churches, USA, American Friends Service Committee, Church of the Brethren, Episcopal Church, Evangelical Lutheran Church in America, Maryknoll Fathers and Brothers, Mennonite Central Committee, Presbyterian Church [USA], Roman Catholic Conference of Major Superiors of Men, Unitarian Universalist Association of Congregations, United Church of Christ, and the United Methodist Church.

They encourage us, as Members of Congress, to actively support the Israeli-Palestinian peace process which lies at the core of the broader Arab-Israeli conflict, because they believe the process is presently at risk of breaking down. In support of their belief that the process is, or may become, at risk, they particularly cite the following:

Jerusalem: It is critical that the 104th Congress not hinder these negotiations by urging President Clinton to implement a policy that favors Israel's claims to the portion of the city annexed in 1967. Members of Congress can make an important contribution by encouraging the President to keep the question of Jerusalem open for the parties to negotiate and to respect the rights and aspirations of both parties. The letter goes on to say ". . . it is crucial that the U.S. Government vigorously op-

pose Israeli building of settlements or the expansion of existing settlements in the territory occupied by Israeli forces in 1967."

Human rights: We are concerned that human rights abuses, perpetrated both by the Israeli authorities and the Palestinian National Authority continue and that the U.S. Government in its role as a cosponsor of the peace process is doing little to promote respect for human rights.

Mr. Speaker, I commend to my colleagues this joint letter, and urge their reading of it in its entirety. The letter is reprinted here with the blessings and hope of the Churches for Middle East Peace for our thorough understanding of the issues, and for all necessary action to further a just and lasting peace in the Middle East.

CHURCHES FOR
MIDDLE EAST PEACE,

Washington, DC, January 3, 1995.

Hon. NICK J. RAHALL,

U.S. House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN RAHALL. The members of Churches for Middle East Peace (CMEP), a coalition of the Washington offices of Protestant, Roman Catholic Episcopal, and historic peace churches, encourage your active support for the Israeli-Palestinian peace process which lies at the core of the broader Arab-Israeli conflict. We are writing to you now because we believe that process is at risk and there are steps the U.S. Congress can take to help build confidence between Palestinians and Israelis in order to continue making progress toward lasting peace.

There are a number of problems that may undermine the peace process. We would like to draw your attention at this time to two issues with profound implications for negotiations in the months ahead and which are also of urgent concern to the churches: the future of Jerusalem and the protection of human rights.

Jerusalem: The Declaration of Principles, signed by Israel and the PLO on September 13, 1993, stipulate that the final status of Jerusalem is to be determined by the Government of Israel and the representatives of the Palestinian people in the context of the "permanent status negotiations", now scheduled to begin no later than May, 1996. It is critical that the 104th Congress not hinder these negotiations by urging President Clinton to implement a policy that favors Israel's claims to the portion of the city annexed in 1967. Members of Congress can make an important contribution by encouraging the President to keep the question of Jerusalem open for the parties to negotiate and to respect the rights and aspirations of both parties.

Israelis and Palestinians must be encouraged to avoid unilateral actions that would prejudice the permanent status negotiations on Jerusalem. Most importantly, it is crucial that the U.S. Government vigorously oppose Israeli building of new settlements or the expansion of existing settlements in territory occupied by Israeli forces in 1967. Many observers fear that the settlement activity is an attempt by Israel to preempt the negotiations on Jerusalem by creating overwhelming facts on the ground.

The permanent status of Jerusalem, and the process by which it is determined, holds the potential for either promoting reconciliation between Jews, Christians, and Muslims or fostering conflict between them. We urge the U.S. Government to advance a vision of Jerusalem, "city of peace," as a symbol of reconciliation for the three faiths and for Palestinians and Israelis.