110%, then divided by 4 to obtain a quarterly estimated payment amount.

The second method allows the entity to calculate estimated tax based on the current year income. Estimated current year income is multiplied by the same 34% or 39.6% statutory tax rate and divided into four quarterly estimated payments.

The third method uses similar calculations to calculate its payments based upon annualized current year quarterly income, similar to the rules presently applicable to individuals or C corporations.

The payments of tax are due on the 15th day of the 3rd, 5th, 8th, and 12th months of the taxable year of the entity.

In addition, the entity makes a one-time payment with its fiscal year election that applies to the short period created (if any) by moving from a calendar year to a fiscal year. This payment is at the same statutory rate and is based on short period income.

The election terminates if the owners of more than half the entity's equity consent to such revocation, or when the entity itself terminates. (''Inadvertent terminations'' of an S corporation however, will not terminate the election.) Subsequent re-elections may not be made by that same entity for 5 tax years unless the entity obtains consent from the Internal Revenue Service. Rules will also be provided under regulations for successor entities.

A penalty for underpayment will be due from the entity if it does not make the required level of estimated tax payments. The penalty is based on the amount of underpayment and continues until appropriate payment is made or until the April 15th that the owners report their share of entity income. At that point, the owners become liable for the tax and any existing underpayment penalties that may be imposed. An exception to the entity level penalty is provided which parallels the analogous exception for individual taxpayers (casualty, unusual circumstances, etc.)

EFFECT ON OWNER

The quarterly estimated payments made by the entity are ''passed through'' to the owners of the entity as a credit on their individual tax returns. Since the entity is making these payments on behalf of the owners, they may reduce their quarterly estimated payments for their shares of the entity level payment. When they receive an annual information report from the entity (Schedule K–1), it will list their share of fiscal year income as well as their annual share of the credit. The amount of the credit allocated to each owner is based upon his or her share of the entity income (no special allocations of the credit are allowed). The credit is reported on an owner's individual income tax return as if it were estimated taxes paid by the owner.

In making their own quarterly estimated payments, the owners may rely on amounts reported by the entity as paid, even if errors occur or payments are not made, so that penalties accrue only at the entity level. If payments are overpaid or underpaid compared with those reported to the owners, such amounts are treated as any other tax due or overpaid under Subtitle A of the Internal Revenue Code.

TIERED STRUCTURES

No election may be made by an entity that is part of a tiered structure under this proposal. Additionally, if an entity becomes part of a tiered structure the election is terminated. The tiered structure rules do not apply, however, if all of the owners are partnerships and S corporations that elect the same fiscal year.

ALTERNATIVE TAX YEARS

Nothing in this provision will affect an entity's right to a fiscal year that exists under current law; for example, under the natural business year tests. The provision also allows for retention of fiscal years by any entities that currently use a fiscal year under Rev. Proc. 87–32.

OLD SECTION 444

The new provision would preclude any new elections under the old section 444. However, existing 444 elections would be allowed to continue if the entity so desired. Alternatively, an entity with an existing section 444 election, may elect instead under this new provision thereby entitling it to a refund of its current 444 required payments, or a credit of such required payments toward its new estimated tax payment requirements.

DE MINIMIS AND REASONABLE CAUSE EXCEPTION

The provision provides for an exception to payment of any entity level tax if such tax would be below $5,000. The provision also provides for the relief of section 7519 penalties if reasonable cause can be shown.

THE RIGHT ROAD

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 17, 1995

Mr. PACKARD. Mr. Speaker, today we begin an historic journey. For the first time in a generation, we will lay out a road map toward a balanced budget. Americans understand this is a trip we all must take. If we fail in this mission, frankly, this country is through. I mean we are headed the way of Mexico into economic collapse.

The Nation is currently $5 trillion in debt spiraling toward a debt of $8 trillion by 2010. We spend almost half of our budget on interest alone—half. Soon we will spend more on the interest on the debt than anything else—including entitlements and defense combined. The American dream is starting to evolve into the American nightmare.

For a nation that prides itself on leaving a better country for our children, we are instead leaving a legacy of fiscal and moral bankruptcy. Some of you may know that I have a relatively large family—seven children and, as of a couple of weeks ago, 31 grandchildren.

Since I began my service in Congress, I have always measured everything I do by one standard—what legacy am I leaving to them and to our Nation's children and grandchildren?

Washington's lack of discipline is crushing our opportunity and leaving our children with a devastating debt. We cannot continue down this destructive path.

In fact, my new grandchild, born just a couple of weeks ago, will pay nearly $200,000 over her lifetime. I cannot leave this legacy to her, and I am sure most Americans do not want to leave this legacy to their children and grandchildren. People outside Washington know this and have asked us to lead them down a new road—toward a balanced budget. I say, let's get going.

GREAT LAKES INITIATIVE STATEMENT

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 17, 1995

Mr. BONIOR. Mr. Speaker, I rise today to express my strong concern over any attempts to further weaken the Great Lakes Initiative. I understand there are those who would still like to make States' participation voluntary. That would completely undermine one of the key initiatives that has been taken to improve water quality in the Great Lakes region. I would strongly oppose those efforts.

The Transportation and Infrastructure Committee worked out a compromise on this issue. Like every compromise, it doesn't make everybody happy. I believe it is still too ambiguous. It's an open invitation to lawsuits. And will ultimately weaken the GLI. But it is a true compromise.

Further efforts to weaken the GLI would go too far. It would turn the clock back. For those of us who live in the region, the Great Lakes have a profound effect on who we are as a people and how we live our lives.

The Great Lakes provide our drinking water, they provide our largest recreational resource, they are tremendously important to our economy, and they shape our quality of life. They are our Yellowstone, our Grand Canyon, our Everglades. The Great Lakes ought to be protected like the national treasure they are. Unfortunately, a handful of polluter interests seem to have a burning desire to weaken the landmark Great Lakes Initiative, which will provide uniform water quality standards for all of the Great Lakes States. For that reason alone, I would oppose the current clean water bill.

Beyond the GLI, however, events in Lake St. Clair taught many of us in Michigan how important our environment is for our quality of life and for our economy. In Michigan, clean water is jobs. Without clean water, we lose thousands of jobs in our State.

Sport fishing in that lake alone is estimated at $140 million annually. Nonfishing boaters and beachgoers spend more than $1 billion each year on boats, accessories, marina slips, gas, restaurants and other items. Last year's ban on swimming cost the most popular beach in the Detroit area $500,000. This wasn't just a quality of life problem—our economic benefits of the lake were destroyed last year.

During most of the summer, profits at local marinas were down. Many local businesses were devastated. In just 2 months time, losses to local businesses ran into the millions of dollars. Our biggest concern is that it could happen again. In fact, with this type of legislation here before us today, it could happen anywhere and everywhere.

In this bill, written by lobbyists for some of this country's most notorious polluters, we say to Americans—we don't care about the water you drink, we don't care about the pollution of your beaches, and we don't care about one of the most important recreational and economic resources you have.

That's not common sense. We must protect our water—not polluter interests. We should be strengthening our standards—not weakening them. We should be debating ways to emulate model regulatory programs like the GLI—not gutting them.

The GLI is a shining example of current regulatory approaches. It gives maximum flexibility to the States. In 1986, the Governors of all eight Great Lakes States entered into discussions with the EPA. They literally sat at the table and drafted model regulations to raise our water quality standards. On March 13 of this year, the EPA accepted the Governors' suggestions and issued a final rule on the Great Lakes Initiative.

Any efforts to undo all of this hard work would be inconsistent with the long-term bipartisan effort to provide uniform water quality standards among Great Lakes States. It will say that those 9 years of negotiating and careful thought are merely voluntary guidelines.

Under the GLI, a specific numeric criteria has been set to protect aquatic life, wildlife, and human health in our region. The GLI sets limits on PCB's, dioxin, DDT, benzene, and chlordane just to name a few. It offers guidance yes, but guidance is useless unless it is implemented.

People in my State remember, and are suffering even today from PCB's. Mothers who ate a lot of fish from the lakes during pregnancy are seeing their infants developing at a slower rate than others. Higher rates of cancer have occurred in communities whose drinking water comes from the Great Lakes. Preliminary research indicates that PCB's and other pollutants may be linked with breast cancer in women. People want their water to be protected from toxins and pollutants.

All the GLI is trying to do is to ensure that every State in the region has the same water quality standards. It simply levels the playing field for all eight States. We don't want one state undercutting another and driving our standards to lower and lower levels. If we make it voluntary, we undercut the whole purpose of the GLI. We will start the downward spiral of pollution and toxic contamination of our lakes all over again. For those of us near Lake St. Clair, last summer we got a reminder of what that could be like. We don't want to go back.

We are talking about 95 percent of this Nation's fresh water. We are talking about lakes that provide 23 million people with their drinking water. We are talking about a multibillion dollar economic resource. We are talking about a national treasure.

The American people thought we reached a consensus—that we should protect our water. We have made progress. In the Great Lakes region, the GLI was an important part of that progress. Let's not turn back the clock. Let's move forward to make our water cleaner and safer. I urge my colleagues to support clean water and to support the GLI.

NAMING PS 165 THE EDITH BERGTRAUM SCHOOL

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 17, 1995

Mr. ACKERMAN. Mr. Speaker, I rise today to join with my constituents in the Fifth Congressional District of New York and with the many friends of the Bergtraum family as they gather on May 19 to honor the memory of the renowned educator Edith K. Bergtraum, and to name Public School 165 in her memory.

Edith was both a personal friend and a dedicated member of the community. Her level of involvement and dedication created a yardstick by which all such activity can be measured.

A long-time activist in the Kew Gardens Hills and Flushing communities, Edith was a product of the New York City school system as well as a graduate of Hunter College of the City University of New York. Her sense of community brought her beyond the boundaries of her neighborhood; she quickly assumed leadership roles in the Kew Gardens Hills Jewish Center, the Queens County Democratic Committee, and the Mayor's Commission on the Status of Women.

Yet it was in the field of education that Edith had her most significant impact. She began her educational career when PS 165 opened and her son entered the first grade in a school that had 3,000 children but only 1,000 seats. With the support of her husband, Murry Bergtraum (a most powerful advocate for the schools children of New York City who would later become president of the City's Board of Education), Edith quickly and effectively joined the ongoing fight for the rights and education of children.

When Murry became the first president of the PS 165 Parents-Teachers Association, Edith assumed a seat on the executive board. Their joint efforts to alleviate the overcrowding in the school were successful, as three more elementary schools—PS 200, 201, and 219—were constructed nearby. When her children moved onto Junior High School 218 and Forest Hills High School, Edith followed, enriching these schools with the same dynamism that she brought to PS 165.

As her involvement grew, so did recognition of her capabilities. In 1974, Edith was elected to Community School Board 25, a position she held for 19 years. During this period, she was elected president of the local school board. She also somehow found the time to serve on citywide educational committees on special education, personnel and budget. In 1993, she was named the Queens borough representative on the search committee to select a new schools chancellor.

Mr. Speaker, as the people of Community School District 25 and those throughout New York City gather on May 19 to honor Edith K. Bergtraum, it is my hope that we will continue to be inspired and dedicated to the education of our children by following the most unique example she has set.

I call on all my colleagues in the House of Representatives to join me now in expressing our thanks and congratulations for Edith's good works to her family: her son, Howard Bergtraum, and daughter-in-law, Susan Bergtraum, and their children, Matthew, Jordan, and Andrea Bergtraum; Edith's daughter Judy Bergtraum; and Edith's daughter Marcia Bergtraum-Williams, and son-in-law, Dan Williams, and their children, Harel and Marc Williams; Edith's brother and sister-in-law, Stanley and Bernice Bergtraum; and Edith's sister and brother-in-law, Nat and Janice Sommer.

With the dedication of the Edith Bergtraum School, we ensure that the people of New York will long remember a dynamic educator, a compassionate humanitarian, and a special friend.

ELIMINATE THE MARRIAGE PENALTY FOR THE EXCLUSION OF GAIN ON THE SALE OF A PRINCIPAL RESIDENCE BY AN INDIVIDUAL OVER 55

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 17, 1995

Mr. NEAL of Massachusetts. Mr. Speaker, today, I introduced legislation to correct an inequity in on our current tax system. Under current law, an individual over the age of 55 is allowed a one-time exclusion of capital gain on the sale of a principal residence. This one-time exclusion invokes a marriage penalty. This legislation would eliminate the marriage penalty for the one-time exclusion of gain on the sale of a principal residence.

For example, two individuals over the age of 55 who decide to marry and sell their homes would only receive an exclusion of $125,000. Whereas, if they did not marry and sold their homes they each would be able to receive an exclusion for $125,000. This legislation addresses this problem. The legislation eliminates the marriage penalty by disregarding elections made before the date of marriage or elections made on homes sold after the date of marriage, but purchased before the marriage.

Fairness is an important element of tax policy. The current policy on the one-time exclusion assists individuals who are approaching retirement and it is a valuable exclusion. Our Tax Code should be fair and not discriminate against basic values such as marriage. The decision to marry should not be based on financial reasons.

I urge you to correct this inequity and support this legislation.

5715 YEARS OF EXPERIENCE IN ONE ROOM

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 17, 1995

Mr. STARK. Mr. Speaker, I rise today to share with my colleagues news of a special gathering that will take place on Thursday, May 18, in Castro Valley, CA. Over 50 senior citizens, each over 100 years old, will join together at Eden Medical Center for the sixth annual 100+ celebration. As best I can calculate it, 5715 years of experience and memories will be shared by 56 people at this unique gathering.

Every one of us has looked to an elder, perhaps a grandparent or great-grandparent, at different times during our lives for the wise counsel that only experience can provide. Their wit and wisdom speak of lessons learned; their knowing smiles are a reflection on decades of experience. I know my own mother, who is just 86 years old, has taught this incorrigible son an encyclopedia of lessons!

While I cannot be there on Thursday, I want to join Eden Hospital in honoring our local centenarians. The most senior of these senior citizens are 106, including Vera Sherman and Anna Simons. There are also five 105 year-