side of the debate. As in 1974, abortion remains highly controversial and a threat to the support of the program. It would be inappropriate for Congress to fund either side of the right to life/right to abortion struggle.

Prohibits training for political purposes (Section 18)

This prohibition has been in appropriation riders since 1982 and reflects Congress' concern about political activity by legal services attorneys.

Elimination of the regional resource centers (Section 14)

These regional resource centers have proven to be a bed of controversy where research, training and technical assistance have been used to promote a particular agenda, not necessarily to the benefit of the poor. The Legal Services Administration Act practically gave these Centers carte blanche authority to pursue their social agendas.

ACCOUNTABLE

Requires local boards to set and enforce priorities (Section 10)

Our bill requires local boards of directors of LSC recipients to set and monitor priorities for the use of recipient resources. We feel strongly that deviating from those priorities should be the exception, not the rule; our bill would require staff attorneys to follow an established procedure when an emergency requires taking a case that is outside the specific priorities set by the local Board.

Allows clients to affect priorities by modest co-payments (Section 19)

Some observers of the Federal legal services programs see the number of cases taken by LSC recipients involving drug dealers as a symptom that programs are often out of touch with client concerns. Requiring a modest co-payment will help insure that resource allocations reflect client priorities. Co-payments would allow clients to feel a sense of dignity and control and the lawyers would be held accountable by their clients.

Requires keeping time by type of case and source of funds (Section 9)

Today—no one—not Congress, not the LSC, not the recipients themselves, can determine whether one program is more or less efficient than another. It may take one program 4 lawyer hours to handle a type of case which takes another program 12 lawyer hours to handle. The taxpayers have a right to know exactly what they are getting for their money. Accountability depends on knowing where a grantee spends its time and money. Currently no one knows.

Organizations to compete periodically to obtain federal funding (Section 13)

The genesis of protection Congress gave to existing LSC recipients was concern that a hostile Administration would replace grantees on ideological grounds. To the extent that threat ever existed it has passed. The presumption that a grantee will be refunded has meant an existing grantee will be funded again no matter how poorly it performs or complies with Congressional mandates.

Competition generally produces innovation, efficiency and excellence. It is hard to believe that, if competition involving complex weapons systems—long resisted by the defense industry—has produced the F15, the best fighter of its generation and the Advanced Tactical Fighter—then competition will not produce better delivery systems for legal services to the poor.

We have defined our proposed competitive bidding system in Section 13 where we note that this competition is not in the sense of the least cost program that might be offered but rather competition in the sense of quality and variety in the type of service that a program might offer.

Application of waste, fraud and abuse laws (Section 5)

There is no disagreement that the federally funded legal service program should be subjected to the same rules as other federal programs.

Prevention of evasion of congressional restrictions (section 24)

In 1981 the GAO found that a number of legal services recipients had set up mirror corporations to evade Congressional restrictions. That must not happen again. If a group of lawyers want to engage in activities which Congress prohibits, they should not be set up and controlled by federally funded recipients.

Attorney client privilege defined

Recently the GAO was asked to investigate legal services practices in a particular industry but reported it was unable to reach any conclusions because it was denied access to records and documents by LSC grantees. While we do not want to preclude legitimate claims of attorney client privilege, we should not allow exaggerated claims to shield programs from legitimate oversight.

Appointment of corporation president (Section 23)

This section changes the way in which the president of the Corporation is appointed making him serve at the pleasure of the President of the U.S. upon the advise and consent of the Senate. Presently, the president of the corporation is elected by the Board. This will serve to bring more accountability to the LSC.

Naming plaintiffs and statements of fact (section 7)

Private parties who are sued by Federally funded LSC attorneys are often at a tremendous disadvantage. They are generally not lawyers and must bear the often considerable expense of hiring legal counsel. Demands for money damages often strain or exceed their ability to pay. Our bill attempts to help such citizens by requiring, under most circumstances, that they know who is bringing the complaint and that a statement of facts by the plaintiff is on file. The potential defendant can then intelligently evaluate whether to settle or litigate.

No attorneys fees from private defendants (section 14)

Private parties who are sued by Federally funded attorneys pay four times: (1) their taxes, (2) their own attorneys fees, (3) a money judgement and (4) the attorney's fees of taxpayer funded attorneys who sued them. We don't think that is fair. Our bill provides that while government defendants would still be liable for attorneys fees, taxpayers would not be required to pay the attorneys fees of taxfunded lawyers.

ELEVENTH ANNIVERSARY OF THE MASSACRE AT THE GOLDEN TEMPLE

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 8, 1995

Mr. BURTON of Indiana. Mr. Speaker, this past Saturday, June 3, marked the 11th anniversary of a very dark day in India's history—the Indian Army's assault on the Sikhs' Golden Temple in Amritsar. On that date in 1984, the Golden Temple in Amristar, the holiest shrine of the Sikh nation, was brutally attacked by 15,000 Indian troops.

The brutal assault on the temple was timed to occur on a Sikh holiday. Simultaneously, 38 other Sikh temples throughout Punjab were attacked. Over 20,000 Sikhs, mostly civilians, were killed during the month of June.

At the Golen Temple, hundreds of people were herded into tiny rooms, where many died of asphyxiation. Many Sikh women were raped and then murdered. One hundred Sikh students between the ages of 8 to 12 were lined up in front of the temple's sacred pool and asked one by one to denounce the movement for an independent Sikh nation named Khalistan. One by one the children refused to do so and were shot in the head.

These types of horrible atrocities have become routine in Punjab, in Kashmir, and in other areas under India's control. India has over a half-a-million troops in Punjab and another half-a-million in Kashmir who are brutalizing those people—raping women, torturing prisoners, murdering civilians. Countless thousands of Sikhs, Moslems, and Christians have been murdered by Indian soldiers and paramilitary forces. This brutality has led the Sikhs of Punjab to seek independence so that they can enjoy the blessings of life, liberty, and the pursuit of happiness. The Indian Government should understand that its brutal campaign of terror will not wipe out this movement, it will only add fuel to the fire.

The Indian Government must be called to account for its crimes and human rights violations. It has become notorious for its disrespect for sacred religious sites. In 1992, Hindu mobs sacked the Mosque at Ayodhya. Just last month, Indian forces in Kashmir gutted the ancient Moslem shrine at Charar-e-Sharies on a Moslem holiday. The democracies of the world must not turn a blind eye on these heinous acts.

I hope all of my colleagues will join me in making the 11th anniversary of the attack on the Golden Temple by calling on India to begin to respect the human rights of all people.

THE WELFARE SYSTEM

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 8, 1995

Mr. PACKARD. Mr. Speaker, today President Clinton suggested that Republican welfare proposals would give States incentive to cut loose the poor in order to save money simply by throwing people off the welfare rolls. Frankly, nothing could be further from the truth and the Clinton administration knows it.

The President has expressed skepticism of plans that give more authority to the States, yet the States have a proven track record on welfare reform and we should move the responsibility for welfare programs out of Washington and back to the States. The only examples of successful welfare reform have come at the State level, led by Republican Governors. Furthermore, as Governor of Arkansas, the President urged increased authority to the States.

The President continues to defend a failed system that even most welfare recipients do not believe in. The current system has resulted in increased poverty, dependency, and violence. The poverty rate today is higher than it was when Lyndon Johnson launched the war on poverty in 1965, even though trillions

of dollars have been spent on welfare programs. Studies show that half of AFDC families remain on welfare for more than 10 years and many are stuck there for life. The current system has made work financially unfeasible in many States. Violence in our society has increased. Felonies per capita have tripled as have violent crime arrests for juveniles, while welfare spending has increased 800%.

Mr. Speaker, the welfare system is a national disgrace. It is outrageous and arrogant for the President to tell America that Governors and State governments cannot be trusted. It is particularly incredulous since he has not presented a plan of his own and continues to leave the answer to many key questions purposely ambiguous.

ON THE EXPATRIATION TAX ACT OF 1995

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 9, 1995

Mr. ARCHER. Mr. Speaker, in March when the Congress was working to restore a health insurance deduction for millions of self-employed persons prior to the time when tax returns were due, that urgent legislation, H.R. 831, was threatened with unnecessary delay by the desire of some to include without adequate deliberation a proposal by President Clinton to impose a tax on individuals who give up their U.S. citizenship or residence. As we learned during hearings in the Committee on Ways and Means and the Senate Finance Committee, the President's proposal raised a number of serious concerns including the scope of the proposal, human rights and constitutional issues, issues of administrability, the potential for double taxation, the application of the proposal to interests in trust, the impact of the proposal on the free flow of capital into the United States, and the impact on future U.S. tax treaty negotiations. In light of these concerns, and in light of the administration's failure to provide the Congress requested information justifying the legislation, the Conference Committee determined that the nonpartisan Joint Committee on Taxation should provide the Congress a complete report on the issues presented by proposals to modify the tax treatment of expatriation prior to our taking any action in this area.

Despite the incredible time constraints placed on the Joint Committee on Taxation, it was able to prepare what I believe is one of the most comprehensive studies of a tax issue the Congress has received in many years. The joint committee's study, delivered on June 1, revealed that the administration had greatly exaggerated the amount of tax-motivated expatriation, that the administration's estimate of the revenues that could be raised by its proposed was significantly overstated, that the administration's proposal to combat such expatriation was seriously flawed, and that the administration's proposal could encourage tax-motivated expatriation. The joint committee also found that other proposals based on the administration's proposal had similar flaws and would raise even less revenue. One such proposal, made by the House Minority leader, would lose revenue because its October 1, 1996 effective date would have provided an 18 month period during which wealthy individuals would be encouraged to give up their citizenship to avoid taxes.

In order to address the small and fairly level amount of tax-motivated expatriation that does exist, and to address certain other problems revealed by its study, the Joint Committee on Taxation made several recommendations for improvements to existing law. Today, I am introducing the Expatriation Tax Act of 1995 which is based on the recommendations made by the joint committee.

EXPLANATION OF LEGISLATION

1. INDIVIDUALS COVERED

For purposes of the present-law expatriation tax provisions (secs. 877, 2501(a)(3) and 2107), and U.S. citizen who relinquishes his or her citizenship would be deemed to have expatriated with a principal purpose of avoiding taxes if: (a) the individual's average annual U.S. Federal income tax liability for the 5 years preceding the year of expatriation was greater than $100,000, or (2) the individual's net assets (valued at their fair market value) were $500,000 or more on the date of expatriation. These dollar amounts would be indexed for inflation beginning after 1996.

However, an individual would not be subject to the expatriation tax provisions if such individual did not have a principal purpose of tax avoidance and is within one of the following categories: (a) the individual was born with dual citizenship and retains only the non-U.S. citizenship; (b) the individual becomes a citizen of the country in which the individual, the individual's spouse, or one of the individual's parents, was born; (c) the individual was present in the United States for no more than 30 days during any year in the 10-year period immediately preceding the date of expatriation; (d) the individual relinquishes his or her citizenship before reaching the age of 18½; or (e) any other category of individuals prescribed by Treasury regulations. To qualify for this exception, the individual must request a ruling from the Internal Revenue Service within one year from the date of expatriation. With respect to individuals who committed an expatriating act between February 6, 1994 and February 6, 1995 but had not applied for a certificate of loss of nationality (''CLN'') as of February 6, 1995, the individual must request such a ruling within one year of the date of enactment.

2. ITEMS SUBJECT TO SECTION 877

The scope of the items subject to section 877 would be expanded to include property obtained in certain transactions that occur within 10 years of expatriation and on which gain or loss is not recognized. If an expatriate exchanges any property that would produce U.S. source income for property that would produce foreign source income, then such exchange shall be treated as a sale for the fair market value of the property. However, this rule would not apply if the individual enters into an agreement with the Secretary of the Treasury specifying that any income or gain derived from the property acquired in the exchange during the 10-year period after the expatriation shall be treated as U.S. source income. The Secretary of Treasury may provide through regulations for similar treatment for transfers that occur within 5 years immediately prior to the date of expatriation.

In addition, section 877 would be expanded to include certain income and gains derived from a foreign corporation that is more than 50 percent owned, directly or indirectly, by the expatriate on the date of expatriation or within 2 years prior to the expatriation date. Such inclusion would be limited to the amount of earnings and profits accrued prior to the date of expatriation while such ownership requirement is satisfied.

3. SPECIAL RULE FOR SHIFT IN RISKS OF OWNERSHIP

For purposes of determining the tax under section 877, the 10-year period is suspended with respect to an asset during any period in which the individual's risk of loss with respect to such asset is substantially diminished.

4. DOUBLE TAX RELIEF

In order to avoid double taxation, a credit against the U.S. tax imposed under the expatriation tax provisions would be provided for any foreign income, gift, estate or similar taxes paid with respect to the items subject to such taxation. This credit is available only against the tax imposed solely as a result of the expatriation tax provisions, and cannot be used to offset any other U.S. tax liability.

5. REQUIRED INFORMATION SHARING

The State Department would be required to collect relevant information from the expatriates, including the social security numbers, forwarding foreign addresses, new country of residence and citizenship and, in the case of individuals with a net worth of at least $500,000, a balance sheet, and provide such information routinely to the IRS. An expatriate's failure to provide such information would result in the imposition of a penalty for each year the failure continues equal to the great of (a) 5 percent of the individual's expatriation tax liability for such year, or (b) $1,000.

6. TREASURY REPORT

The Treasury Department would be directed to undertake a study of the compliance of U.S. citizens and green-card holders residing outside the United States with tax return responsibilities and shall make recommendations regarding the improvement of such compliance. The findings of such study and such recommendations should be reported to the House Committee on Ways and Means and the Senate Committee on Finance within 90 days of the date of enactment.

7. EFFECTIVE DATE

The provisions of the bill generally would apply to any individual who loses U.S. citizenship on or after February 6, 1995. The date of loss of citizenship would remain the same as under present law (i.e., it would be the date of the expatriating act). However, a special transition rule would apply to individual who had expatriated within one year prior to February 6, 1995 but had not applied for a CLN as of such date. Such individuals would be subject to the new expatriation tax provisions as of the date of application for the CLN, but would not be retroactively liable for U.S. incomes taxes of their worldwide income.

TRIBUTE TO GEN. GORDON R. SULLIVAN

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, June 9, 1995

Mr. SKELTON. Mr. Speaker, today I wish to congratulate Gen. Gordon R. Sullivan, Chief of Staff of the U.S. Army, who will retire on June 20, 1995. General Sullivan's career spans 36 years in which he has given selfless and distinguished service as a soldier, leader, and visionary adviser to both the President and this Congress. Others have already entered a list of his accomplishments into the public record.