

DAIRY FREEDOM ACT OF 1995

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 19, 1995

Mr. PETRI. Mr. Speaker, today I am introducing the Dairy Freedom Act of 1995. This bill deregulates the dairy industry within 5 years by eliminating the Federal milk marketing order system on January 1, 1996, reducing the Federal dairy price support over the next 4 years beginning January 1, 1996, and then eliminating the price support program on January 1, 2000. It also directs the first savings realized through this plan toward eliminating the current dairy assessment paid by farmers, then applies all subsequent program savings to reduce and eventually eliminate the taxpayers' contribution to the program.

Through an oppressive and costly system of Federal milk marketing orders, the Federal Government currently fixes the price of 70 percent of the raw milk produced in the United States according to how the processor intends to use it. The Federal order system also pools and then redistributes milk revenues among farmers by computing a blend price which all processors are required by law to pay to farmers. And through the dairy price support system, the Federal Government attempts to support the price of raw milk by entering dairy product markets and buying butter, cheese, and nonfat dry milk at minimum guaranteed prices. This creates artificial demand in the market for dairy products and effectively encourages overproduction of certain products due to the fact that the Government is required by law to purchase them.

The fact that this program uses centralized government planning methods in an attempt to micro-manage the dairy industry is bad enough. But what I and many, many folks in the upper Midwest find truly despicable about it is that it effectively discriminates against our dairy farmers by holding their milk prices down, while keeping prices artificially high in other parts of the country. It is ironic and sad that this program—supposedly created to help dairy farmers—is now substantially to blame for driving more than a few of them out of business.

In addition, this program continues to cost farmers, taxpayers, and consumers hundreds of millions of dollars each every year. Farmers are required to pay an assessment in order to help defray the cost of purchasing surplus dairy products through the Federal dairy price support system. Rather than allowing the free market to counter overproduction of certain dairy products, the current program effectively sets floor prices and taxes farmers for part of the cost of maintaining those prices by removing manufactured products from the market. Taxpayers pick up the tab for most of the program's cost, which is expected to total more than \$370 million in fiscal year 1996 if the program remains unchanged. Finally, consumers pay for this program at the checkout counter when they purchase dairy products or other food products made with milk which has been priced artificially high by the Federal Government.

I feel very strongly that any Federal dairy policy which continues to prevent the proper functioning of the free market in the dairy industry, and which effectively discriminates

among farmers on a regional basis, is unacceptable. Instead of keeping this program intact and reauthorizing some semblance of the status quo, I propose today that the Congress take action to free America's dairy industry by incorporating my Dairy Freedom Act into the agriculture reauthorization language which is to be included in this year's budget reconciliation bill. I urge my colleagues to join me in taking this bold yet long-overdue step in favor of free markets, lower prices for consumers, less waste of taxpayer dollars, and free and fair competition in the U.S. dairy industry.

TRIBUTE TO ELIZABETH KAUFMAN

HON. HOWARD L. BERMAN

OF CALIFORNIA

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 19, 1995

Mr. BERMAN. Mr. Speaker, we are honored to pay tribute to Elizabeth Kaufman, who has just completed her 1-year term as president of the San Fernando Valley Bar Association. Elizabeth, who immigrated to the United States from Poland in 1964, is the classic example of a person who became a success through hard work and perseverance.

Elizabeth began her rise as a law clerk in the Los Angeles City Attorney's Office, where she worked while simultaneously attending San Fernando Valley College of Law. She graduated from law school in 1975. After admittance to the California Bar, Elizabeth began her private law practice, emphasizing family law and personal injury. She also quickly became immersed in a wide variety of activities associated with the law.

For example, Elizabeth served as a free arbitrator for the State Bar of California and the Los Angeles County Bar Association; family law court mediator; Superior Court arbitrator; and trustee of the Los Angeles County Bar Association.

In 1988, Elizabeth was elected as a trustee of the San Fernando Valley Bar Association. Six years later she became president. Elizabeth's tenure was marked by the launching of Lawyer's World magazine, and a significant increase in membership.

Elizabeth, married to Dr. Hershell L. Kaufman and the mother of three teen-age daughters, has considerable duties outside of her home and the law. She is director of the San Fernando Valley Community Mental Health Center; director of the Northridge Chamber of Commerce; and director of the Heschel Day School.

Mr. Speaker, we ask our colleagues to join us today in saluting Elizabeth Kaufman, whose devotion to her community, profession and family is exemplary. She is an inspiration to all of us.

FOREIGN TRUSTS

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 19, 1995

Mr. GIBBONS. Mr. Speaker, I am introducing legislation today to prevent avoidance of

our tax laws by individuals transferring their assets to foreign trusts. I am introducing this legislation because it responds to a real and growing abuse of our tax laws.

The legislation that I am introducing today includes several provisions similar to proposals recommended by the President in his budget submission for fiscal year 1996. My proposal contains substantial changes to the proposals recommended by the President. These changes are largely in response to concerns raised by tax practitioners. In particular, I would like to thank the New York Bar Association for its thoughtful analysis of the President's foreign trust proposals. Many of their recommendations have been incorporated into the legislation that I am introducing today. Although I have made substantial revisions to the original Treasury proposal, the Treasury has indicated that it would support my bill as a reasonable approach to the problem of tax evasion through foreign trusts.

Recently, we had a long debate over provisions designed to prevent avoidance of our tax laws by American citizens renouncing their allegiance to this country. During that debate, I became aware that many other wealthy individuals, while retaining their citizenship in this country, are abusing our tax laws by hiding their assets in offshore trusts or other accounts located in tax havens with bank secrecy laws designed to facilitate tax evasion. I feel that these individuals are worse than the expatriates because they are renouncing their responsibilities to this country while retaining the benefits of citizenship.

Mr. Speaker, there is ample evidence that trusts and other accounts in tax havens are fast becoming a major vehicle for abuse of our tax system. In the Cayman Islands alone, \$440 billion are on deposit with over 60 percent of this money estimated to be from United States sources (Barron's, January 4, 1993, pg. 14). Barron's estimates that there is more American money on deposit in the Cayman Islands than in all the commercial banks in California. In addition, Luxembourg has \$200 billion on deposit from United States sources and the Bahamas has \$180 billion from United States sources (New York Times, October 29, 1989). Legal experts outside the United States told the Washington Post (August 7, 1993) that they were getting a 100-percent increase in the business of offshore transfers every 6 months. An article in the Washington Times (November 7, 1994) quoted a promoter of these schemes as stating "only fools pay taxes in the United States." During the debate on the expatriate issue, there were constant assertions that the problem was neither large nor growing. That argument was dubious in the context of the expatriate issue but would clearly be erroneous in the context of foreign trusts. There is no question that the use of foreign trusts for tax avoidance is a problem that is both large and growing.

U.S. taxpayers are required to file annual information returns on trusts of which they are the grantor showing the aggregate amount of assets in such trusts. However, the rate of noncompliance with these requirements is staggering. The IRS estimates that in 1993 only \$1.5 billion of foreign trust assets were