

provide needed educational assistance to displaced homemakers, single parents, and single pregnant women.

SMALL BUSINESS MICROLOAN  
PROGRAM IMPROVEMENT ACT

**HON. JOHN ELIAS BALDACCI**

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 24, 1997*

Mr. BALDACCI. Mr. Speaker, in rural States such as Maine, small businesses are responsible for the large majority of economic growth and job creation. Approximately 99 percent of all businesses in Maine fall into the small business category, with a majority of those falling into the category of very small businesses, or microenterprises.

Unfortunately, it's often difficult, if not impossible, for such businesses to get financing through traditional means because it's not feasible for private lenders to make such small loans. Also, because many microborrowers are either startup or growth phase businesses, they are often unable to meet a lender's collateral or credit requirements. In response to this problem, Congress authorized the SBA, in 1992, to start a demonstration project to address the capital and technical assistance needs of microenterprises. The program targets underserved startup and existing small business owners who have the capacity to operate a successful small business, but may not be able to access credit.

While it has been a very successful and popular program, the authorization for this project ends on October 1. That is why I am introducing legislation today that will make the SBA's Microloan Demonstration Program permanent.

The microloan program is a partnership between the SBA and nonprofit intermediaries. The SBA provides funding to intermediaries, who in turn provide financing and technical assistance to very small businesses. They also furnish them with grant funding to provide microborrowers with technical assistance to ensure the business succeeds and the loans are repaid. The intermediaries provide microborrowers with small loans of up to \$25,000, as well as the technical assistance.

The program is successful, and a fine example of cooperation between the government and private sector in efforts to help promising entrepreneurs. It is also low-risk for the Federal Government. According to a 1996 report from the SBA, they have made 182 loans to intermediaries totaling \$68.9 million with no loss to the Federal Government.

Maine has a very strong entrepreneurial spirit. Our economy is dependent on very small businesses and microenterprises. My legislation will ensure that many of the underserved startup and existing small business owners who have the capacity to operate a successful small business will have the opportunity to do so.

THE 26TH ANNIVERSARY OF THE  
HARDIN COUNTY YOUTH THEATER

**HON. RON LEWIS**

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 24, 1997*

Mr. LEWIS of Kentucky. Mr. Speaker, I rise today to congratulate the Youth Theater of Hardin County, KY, on its 26th anniversary. The Youth Theater of Hardin County is now the oldest educating and performing community youth theater program in the Commonwealth of Kentucky. More than 1,275 students have participated in this program and over 3,000 students and adult volunteers have assisted in this endeavor. It has been an integral part in promoting and advancing theater among Kentucky's youth for over a quarter of a century. For that, it deserves special recognition.

The Youth Theater is composed of 7th through 12th grade students from Hardin County Schools, Elizabethtown's Independent Schools, and Fort Knox Community Schools. It is designed to educate students in the performing arts and to promote cultural growth and awareness with quality performances. In the process of putting together a production, students learn skills that are essential to a successful life. Skills such as team work, self-esteem, and the power of the human voice to stimulate and entertain audiences. In this regard, the Hardin County Youth Theater has been very successful.

The Youth Theater's impact on the arts community is being felt locally, nationally, and internationally. Several individuals and groups have won talent recognition at the local and State levels, as well as the Youth Talent International Competition. And the achievements don't stop after students leave.

Alumni from this distinguished Youth Theater are performing throughout the country and contributing to every aspect of the arts community. They are performing as equity and nonequity actors, singers, dancers, choreographers, technical directors, and technicians. Young, aspiring actors have left the Hardin County Youth Theater to perform on collegiate stages, regional stages, national stages, and even international stages. Several alumni have performed in off-broadway productions, and one has made an impact in Hollywood.

When students leave the Hardin County Youth Theater, they continue to give back to their communities in a variety of ways. Former students are working with regional and national entertainment parks as costume characters, live characters, singers, dancers, and technicians. One such student is now serving as an instructor to other aspiring performers with a multinational entertainment conglomerate. Another is the director of the Kentucky Governor's School for the Arts. The Youth Theater is, indeed, an integral part of our Nation's arts community.

Meanwhile, those students who do not choose to follow theatrical careers credit the Youth Theater with preparing them for the future. They credit their poise, responsibility, self-esteem, and their ability to work individually and with diverse groups directly to their participation in Youth Theater and its activities. These alumni have chosen a variety of different career fields. They are professionals,

businessowners, white and blue collar workers, and even farmers. Regardless of profession, they contribute vastly to society.

The Hardin County Youth Theater has been successful in many regards. It has contributed to the arts community at all levels. It has given students the skills needed to lead a successful life. And it has encouraged its students to give back to their communities and leave them better than they found them. I congratulate the Hardin County Youth Theater on its 26th anniversary. Hardin County is better because of it, and the Commonwealth of Kentucky is proud to claim it. I look forward to its continued success, and I'm sure it will strive to reach even higher heights in the future.

SUPPORT FOR A MEANINGFUL REDUCTIONS IN CAPITOL GAINS TAX RATES

**HON. JERRY MORAN**

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 24, 1997*

Mr. MORAN of Kansas. Mr. Speaker, I rise today to enter into the RECORD a letter from one of my constituents, Alan E. States of Hays, KS, which was recently published in USA Today. Mr. States lays out precisely what is wrong with a Tax Code that discourages entrepreneurship and savings. He writes,

Twenty-five years ago, I purchased 80 acres of Kansas farmland for \$10,000. The money came from my savings while in Vietnam, which, along with my Chevy, constituted my entire net worth. I was just glad to be alive, home again and ready to live the American dream.

I used the 80 acres as a down payment on 400 additional acres and proceeded to build my own farm. I've been successful and now farm more than 4,000 acres. Much of it is rented.

Now I have another business opportunity. I considered selling the farmland to raise the investment money. I could sell the 80 acres for \$40,000. The federal capital gains tax would come to \$8,400.

The problem is that because of inflation since I purchased the land, my true basis on the land is \$37,000. So my real gain on the sale is only \$3,000. Therefore, the \$8,400 tax represents a 280% tax on my actual gain. Is this what has become of the American dream? This is the system the President proposes we keep.

The tax code makes no sense. Income and estate taxes for too long have tried to redistribute wealth. It hasn't worked. The code should have the sole purpose of raising revenue. If we are to tax income, it should be fair.

To be fair, it must do four things: Tax all income; tax it the same without regard to source; tax it only once; and tax it only if it is real and not the result of inflation.

What will I do under the current system? I certainly won't sell the land. I will borrow against it. I can borrow the land at 8.5%. I can deduct the interest as a business expense, reducing my rate to 5.2%. From that, I adjust for 3% inflation, and my effective rate of borrowing the money is only 2.2%. the tax code discourages savings and encourages debt.

Rather than the Treasury making \$1,200 on the sale of the asset, it now loses \$1,300 because of my interest expense. Do some people really say we can't have tax reform because it will cost the Treasury too much?

ALAN STATES,  
Hays, KS.