

for the Advancement of Knowledge, Learning, and Research in Education, earlier this year. For his service to the community, Dr. Iatridis earned the Hank Jacobsen Award from the Gary Rotary Club, in 1985; the Edgar L. Mills Community Service Award from the Post-Tribune, in 1987; and the Medal of St. Paul from the Archdiocese of the Greek Orthodox Church of North and South America.

Mr. Speaker, I ask you and my other distinguished colleagues to join me in commending Dr. Panayotis Iatridis on the occasion of his 23rd anniversary as Assistant Dean and Director of the Northwest Center for Medical Education. His wife, Catherine, their two daughters, Yanna and Mary, and their two granddaughters, Katerina and Anastasia, should be proud of his achievements. Indeed, Dr. Iatridis' efforts have made an indelible mark on the advancement of medical education, as well as an improvement in the quality of life for everyone in Northwest Indiana.

TRIBUTE TO DR. FRANK L.  
SELKIRK

**HON. KAREN MCCARTHY**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 26, 1998*

Ms. MCCARTHY of Missouri. Mr. Speaker, I am honored to rise today on behalf of the Zion Grove Missionary Baptist Church and its congregation. This Sunday, March 29, Dr. Frank L. Selkirk III, a respected leader and friend in Kansas City, Missouri will be installed as the Senior Pastor.

The history of Rev. Selkirk and Zion Grove are very much intertwined. At the age of eight, Rev. Selkirk became a member of Zion Grove, and at the age of twelve, preached his first trial sermon there. He was fondly referred to as the "Boy Wonder" by ministers in our community. Rev. Selkirk has more than the name of his father and grandfather, he continues to follow the Selkirk tradition by becoming a third generation preacher in his family.

After graduating from the University of Kansas, he received his Master of Divinity at Central Baptist Theological Seminary, and his M.A. and Ph.D. at Harvard University. He has traveled extensively to sixty countries serving as a minister in several of them. Rev. Selkirk has established an outstanding reputation among his peers and is known for his down home preaching. Rev. Selkirk has served as senior pastor in California and as an area minister for the American Baptist Churches where he served ninety churches as "pastor to pastors."

Under his direction as Pastor, the Zion Grove Missionary Baptist Church raised one hundred thousand dollars in ninety days to pay off the Church mortgage. In celebration of this feat, I joined the entire congregation and many guests from our area in January for a mortgage Burning Service whose theme was "Burning the Past—Blazing on Toward the New."

This is an appropriate theme for Rev. Selkirk's ongoing mission to his growing congregation. His goal is to provide day care and after school services as additional resources for his congregation. As a counselor, gang prevention specialist, and revival preacher, he uses his faith as an influential tool to solve the problems which afflict our community.

I recognize Rev. Selkirk today because of his distinguished accomplishments. He continues to deliver positive messages to encourage a legacy of new beginnings. Rev. Selkirk envisions a future brimming with opportunity and charity for all people. Our community is blessed to have a leader who creates a significant difference in the lives of everyone he encounters. Those that hear his sermons or work with him on civic projects realize that he leaves his impression upon their lives. Recipients of his message walk away with a lasting feeling that motivates them to take action and use their talents to better the lives of everyone.

Mr. Speaker, it is an honor for me to recognize Rev. Frank Selkirk III, and the Zion Grove congregation. Together they have formed a union devoted to serving the needs of our community through Christian example and duty.

TRIBUTE TO JOHN R. HARRISON

**HON. KEN CALVERT**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 26, 1998*

Mr. CALVERT. Mr. Speaker, one of the things that makes America great is that in towns and cities across our nation there are citizens who are willing to step forward to dedicate their talent and energy to make life better for their friends and neighbors. The city of Perris, California has been fortunate to have many citizens who have given so freely of themselves in their dedication to the future of the youngest members of our district. Mr. John R. Harrison is one of these outstanding individuals.

Mr. Harrison has been an instrumental part of Perris Valley area business and youth programs for many years. After graduating from college, he became a partner in Dan's Feed & Seed, a business which supplies the Perris Valley and surrounding areas with animal feed, seed, veterinary supplies, hardware and plumbing items. He has since become a 100% shareholder in Dan's Feed & Seed and expanded his operation to include stores in Perris, Hemet, and Temecula. He also owns a grain handling facility in Blythe. As a result of his dedication to the business community, Mr. Harris is active in various civic groups in Perris. He is the past president and only remaining charter member of the Perris Rotary Club, past president of the Chamber of Commerce, past president of the Perris Farm Bureau, and the current president of the Perris Alumni Association. In 1994, Mr. Harrison received the Howie Award from the Riverside County Farm Bureau.

In 1953, he started the Perris Panthers 4-H club and was its leader until the mid-1960's. His continued involvement in the organization has produced one of the strongest 4-H clubs in Riverside County. Mr. Harrison has also been instrumental in the original organization of Perris Little League. Mr. Harrison has been a member and past president of the Farmers Fair Board and has served as chairman of the Farmers Fair Livestock Auction for 30 years. Due to his dedication, this auction is one of the most prosperous in the fair system, successfully raising money for the 4-H club and Future Farmers of America member's college tuition.

In recognition of his many accomplishments in various business and youth organizations in Perris, I commend John Harrison for his contributions and dedicated service to his community. I encourage Mr. Harrison to continue with his involvement and wish him much success and happiness in his future endeavors.

TRIBUTE TO THE POLISH  
FALCONS, NEST 725

**HON. GERALD D. KLECZKA**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 26, 1998*

Mr. KLECZKA. Mr. Speaker, I rise today to pay tribute to the Milwaukee-based Nest 725 of the Polish Falcons of America, as they celebrate their 82nd anniversary with a banquet dedicated to the Mystical Rose, Our Lady of Czestochowa, on Sunday, April 19, 1998.

A nationwide fraternal organization, the Polish Falcons are dedicated to the physical fitness of youth. By offering classes in tumbling, dance (traditional Polish, modern, and tap), aerobics, track and field, basketball, volleyball, and soccer, the Polish Falcons provide a varied program for all skills levels and ages. The group believes in a strong mind and a strong body.

Organized in Milwaukee of December 10, 1916, Nest 725 members have participated in numerous national and district athletic competitions, gaining the National All Around Championships in 1984, 1988 and 1992. Furthermore, Nest 725 was crowned National Gymnastics Champions in 1984 and the Adult Dance Class achieved the National Championship in both 1986 and 1994.

To the adult leaders of the Polish Falcons, Nest 725, I commend you on your fine example of providing structured athletic guidance for today's youth, while maintaining an all-important tie to our proud Polish history and traditions. And to all the members, best wishes for the future and Sto Lat!

HONORING MAJOR ROBERT A.  
PORTZ, NORTH MIAMI POLICE  
DEPARTMENT

**HON. CARRIE P. MEEK**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 26, 1998*

Mrs. MEEK of Florida. Mr. Speaker, on Thursday, March 26, 1998, Major Robert "Bob" Portz will bid farewell to his duties with the North Miami Police Department and retire to the Texas wilderness. He has received numerous commendations during his 22 years of service and is highly regarded by his peers.

Major Portz was then the youngest member of the North Miami force when he assumed his duties at the age of 20 on December 29, 1975. Over the years, he has demonstrated his talents in the patrol division, detective bureau, traffic unit, and tactical unit. He was promoted to Major on July 7, 1992, and made a lasting impression on the department by introducing the community policing concept to North Miami.

Major Portz assumed command of the Patrol Division in October 1994, where he still oversees operations.

A graduate of the Federal Bureau of Investigation's prestigious National Academy, Major Portz has been recognized by his peers three times as Officer of the Month for his outstanding police work.

The husband of Linda and father of Jennifer, Major Portz has been a shining example of honor and professionalism throughout his career. As he enters the next stage of his life, I congratulate him and wish him continued happiness.

## INTRODUCTION OF LEGISLATION

### HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 26, 1998*

Mr. ARCHER. Mr. Speaker, today, I introduce H.R. 3558, a bill to limit the tax benefits of so-called "stapled" or "paired-share" Real Estate Investment Trusts ("stapled REITs"). Identical legislation is being introduced in the Senate by Senator ROTH.

In the Deficit Reduction Act of 1984, Congress eliminated the tax benefits of the stapled REIT structure out of concern that it could effectively result in one level of tax on active corporate business income that would otherwise be subject to two levels of tax. Congress also believed that allowing a corporate business to be stapled to a REIT was inconsistent with the policy that led Congress to create REITs.

As part of the 1984 Act provision, Congress provided grandfather relief to the small number of stapled REITs that were already in existence. Since 1984, however, almost all of the grandfathered stapled REITs have been acquired by new owners. Some have entered into new lines of businesses, and most of the grandfathered REITs have used the stapled structure to engage in large scale acquisitions of assets. Such unlimited relief from a general tax provision by a handful of taxpayers raises new questions not only of fairness, but of unfair competition because the stapled REITs are in direct competition with other companies that cannot use the benefits of the stapled structure.

This legislation, which is a refinement of the proposal contained in the Clinton Administration's Revenue Proposals for fiscal year 1999, takes a moderate and fair approach. The legislation essentially subjects the grandfathered stapled REITs to rules similar to the 1984 Act, but only to acquisitions of assets (or substantial improvements of existing assets) occurring after today. The legislation also provides transition relief for future acquisitions that are pursuant to a binding written contract, as well as acquisitions that already have been announced (or described in a filing with the SEC).

A technical explanation of the legislation is provided below.

#### TECHNICAL EXPLANATION

The tax benefits of the stapled real estate investment trust ("REIT") structure were curtailed for almost all taxpayers by section 269B, which was enacted by the Deficit Reduction Act of 1984 ("1984 Act"). The bill limits the tax benefits of a few stapled REITs that continue to qualify under the 1984 Act's grandfather rule.

A REIT is an entity that receives most of its income from passive real-estate related

investments and that essentially receives pass-through treatment for income that is distributed to shareholders. In general, a REIT must derive its income from passive sources and not engage in any active trade or business. In a stapled REIT structure, both the shares of a REIT and a C corporation may be traded, and in most cases publicly traded, but are subject to a provision that they may not be sold separately. Thus, the REIT and the C corporation have identical ownership at all times.

#### Overview

Under the bill, rules similar to the rules of present law treating a REIT and all stapled entities as a single entity for purposes of determining REIT status (sec. 269B) would apply to real property interests acquired after March 26, 1998, by the existing stapled REIT, or by a stapled entity, or a subsidiary or partnership in which a 10-percent or greater interest is owned by the existing stapled REIT or stapled entity (together referred to as the "REIT group"), unless the real property is grandfathered under the rules discussed below. Different rules would be applied to certain mortgage interests acquired by the REIT group after March 26, 1998, where a member of the REIT group performs services with respect to the property secured by the mortgage.

#### General rules

The bill treats certain activities and gross income of a REIT group with respect to real property interests held by any member of the REIT group (and not grandfathered under the rules described below) as activities and income of the REIT for certain purposes. This treatment would apply for purposes of certain provisions of the REIT rules that depend on the REIT's gross income, including the requirement that 95 percent of a REIT's gross income be from passive sources (the "95-percent test") and the requirement that 75 percent of a REIT's gross income be from real estate sources (the "75-percent test"). Thus, for example, where a stapled entity earns gross income from operating a non-grandfathered real property held by a member of the REIT group, such gross income would be treated as income of the REIT, with the result that either the 75-percent or 95-percent test might not be met and REIT status might be lost.

If a REIT or stapled entity owns, directly or indirectly, a 10-percent-or-greater interest in a subsidiary or partnership that holds a real property interest, the above rules would apply with respect to a proportionate part of the subsidiary's or partnership's property, activities and gross income. Thus, any real property acquired by such a subsidiary or partnership that is not grandfathered under the rules described below would be treated as held by the REIT in the same proportion as the ownership interest in the entity. The same proportion of the subsidiary's or partnership's gross income from any real property interest (other than a grandfathered property) held by it or another member of the REIT group would be treated as income of the REIT. Similar rules attributing the proportionate part of the subsidiary's or partnership's real estate interests and gross income would apply when a REIT or stapled entity acquires a 10-percent-or-greater interest (or in the case of a previously-owned entity, acquires an additional interest) after March 26, 1998, with exceptions for interests acquired pursuant to agreements or announcements described below.

#### Grandfathered properties

Under the bill, there is an exception to the treatment of activities and gross income of a stapled entity as activities and gross income of the REIT for certain grandfathered prop-

erties. Grandfathered properties generally are those properties that had been acquired by a member of the REIT group on or before March 26, 1998. In addition, grandfathered properties include properties acquired by a member of the REIT group after March 26, 1998, pursuant to a written agreement which was binding on March 26, 1998, and all times thereafter. Grandfathered properties also include certain properties, the acquisition of which were described in a public announcement or in a filing with the Securities and Exchange Commission on or before March 26, 1998.

In general, a property does not lose its status as a grandfathered property by reason of a repair to, an improvement of, or a lease of, a grandfathered property. On the other hand, a property loses its status as a grandfathered property under the bill to the extent that a non-qualified expansion is made to an otherwise grandfathered property. A non-qualified expansion is either (1) an expansion beyond the boundaries of the land of the otherwise grandfathered property or (2) an improvement of an otherwise grandfathered property placed in service after December 31, 1999, which changes the use of the property and whose cost is greater than 200 percent of (a) the undepreciated cost of the property (prior to the improvement) or (b) in the case of property acquired where there is a substituted basis, the fair market value of the property on the date that the property was acquired by the stapled entity or the REIT. A non-qualified expansion could occur, for example, if a member of the REIT group were to construct a building after December 31, 1999, on previously undeveloped raw land that had been acquired on or before March 26, 1998. There is an exception for improvements placed in service before January 1, 2004, pursuant to a binding contract in effect on December 31, 1999, and at all times thereafter.

If a stapled REIT is not stapled as of March 26, 1998, or if it fails to qualify as a REIT as of such date or any time thereafter, no properties of any member of the REIT group would be treated as grandfathered properties, and thus the general provisions of the bill described above would apply to all properties held by the group.

#### Mortgage rules

Special rules would apply where a member of the REIT group holds a mortgage (that is not an existing obligation under the rules described below) that is secured by an interest in real property, where a member of the REIT group engages in certain activities with respect to that property. The activities that would have this effect under the bill are activities that would result in a type of income that is not treated as counting toward the 75-percent and 95-percent tests if they are performed by the REIT. In such cases, all interest on the mortgage and all gross income received by a member of the REIT group from the activity would be treated as income of the REIT that does not count toward the 75-percent or 95-percent tests, with the result that REIT status might be lost. In the case of a 10-percent-or-greater partnership or subsidiary, a proportionate part of the entity's mortgages, interest and gross income from activities would be subject to the above rules.

An exception to the above rules would be provided for mortgage the interest on which does not exceed an arm's-length rate and which would be treated as interest for purposes of the REIT rules (e.g., the 75-percent and 95-percent tests, above). An exception also would be available for certain mortgages that are held on March 26, 1998, by an entity that is a member of the REIT group. The exception for existing mortgages would