

After the war the importance of the Kingsford plant had diminished further, and the facility was closed in 1951. Ford was gone, but an interesting legacy continued. The famous Kingsford-brand charcoal briquets, a by-product of wooden automobile part production, continued to be made in this U.P. community.

As a small city, Mr. Speaker, the population of Kingsford is now about 5,500. Although the community is no longer a part of the Ford family of assembly plants, the transportation revolution wrought by these affordable Ford automobiles on the lives of ordinary Americans meant that tourism would become a new national industry, one that would benefit the Kingsford area. People now can travel from anywhere in the country to visit this area of gently rolling hills with thousands of lakes and hundreds of miles of rivers and streams. Hunting and fishing and the simple enjoyment of the vibrant colors of autumn means that tourism now vies with paper-making as the basic elements of the area's economic well-being.

I am proud of the people of Kingsford and their struggles to survive and even thrive through periods of economic change, and I invite all my colleagues in the U.S. House to join me in paying tribute to this resilient and energetic community.

PERSONAL EXPLANATION

HON. MICHAEL BILIRAKIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 21, 1998

Mr. BILIRAKIS. Mr. Speaker, on Monday, July 20, 1998, I requested and was granted a leave of absence from the House of Representatives due to personal illness. Had I been present, I would have voted in favor of adoption of the following amendments during consideration of H.R. 2183, the Bipartisan Campaign Integrity Act:

The Wicker amendment to the Shays amendment in the nature of a substitute, debated on July 14, that prohibits the use of White House meals or accommodations for political fundraising (agreed to by a recorded vote of 391 ayes to 4 noes, Roll No. 301);

The Stearns amendment to the Shays amendment in the nature of a substitute, debated on July 14, that prohibits noncitizens from making contributions to candidates for Federal, state, or local elections (agreed to by a recorded vote of 267 ayes to 131 noes, Roll No. 302);

The Smith of Michigan amendment to the Shays amendment in the nature of a substitute, as modified, that establishes a prison term for 10 years and a fine not to exceed \$1 million as penalties for violation of the foreign contribution ban (agreed to by a voice vote);

The DeLay amendment to the Shays amendment in the nature of a substitute that expresses the Sense of Congress that Federal law clearly demonstrates that "controlling legal authority" prohibits the use of Federal property to raise campaign funds (agreed to by a recorded vote of 360 ayes to 36 noes, Roll No. 304);

The McInnis amendment to the Shays amendment in the nature of a substitute that prohibits acceptance or solicitation to obtain access to Air Force One, Marine One, Air

Force Two, Marine Two, the White House or the Vice President's residence and institutes a fine or imprisonment for violation for up to one year (agreed to by a recorded vote of 391 ayes to 7 noes, Roll No. 305);

The Hefley amendment to the Shays amendment in the nature of a substitute that requires the national parties to reimburse the Federal government for the use of Air Force One for political fundraising (agreed to by a recorded vote of 222 ayes to 177 noes, Roll No. 307);

The Northrup amendment to the Shays amendment in the nature of a substitute that prohibits campaign from providing currency to individuals for the purpose of encouraging turnout on the date of election (agreed to by a recorded vote of 284 ayes to 114 noes, Roll No. 308);

The Snowbarger amendment that establishes mandatory imprisonment for not fewer than 1 year and not more than 10 years for criminal conduct (agreed to by a voice vote); and

The Whitfield amendment that bans the coordination of soft money for issue advocacy by presidential candidates receiving public financing (agreed to by a voice vote).

NATIONAL RIGHT TO WORK BILL

SPEECH OF

HON. DAVE WELDON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1998

Mr. WELDON of Florida. Mr. Speaker, I rise in full support for H.R. 59, the National Right to Work Act.

I am from a Right to Work state and I know first-hand that employee freedom and prosperity go hand in hand.

Figures from the U.S. Bureau of Labor Statistics show that workers in forced union dues states are losing thousands of jobs as well as their freedom.

Just listen to the advantage that Right to Work States have had over forced union dues states between 1997-1996:

Non-agricultural employees in Right to Work states have increased by nearly 70% while the increase in forced union states was 35%.

Manufacturing employment in Right to Work states have increased by almost 15% while there was nearly a 15% decrease in forced union states.

Construction employment in Right to Work states increased by almost 50%, nearly 15% higher than in forced union dues states.

Manufacturing production workers in Right to Work states increased by almost 10%, while decreasing by 20% in forced union dues states.

Manufacturing establishments in Right to Work states increased by 20%, while decreasing by .3% in forced union states.

Personal income in Right to Work states has increased by 405%, 82% higher than in forced union dues states.

Hourly earnings by manufacturing employees in Right to Work states have increased by 135%, 13% higher than forced union dues states.

The average weekly earnings of manufacturing production workers in Right to Work states have increased by 145%, 15% higher than in forced union dues states.

Mr. Speaker what do these numbers translate into Jobs. Between 1983 and 1993, Right to Work states created over 500,000 jobs, while forced union states lost almost 900,000.

Mr. Speaker, not only are residents of forced-unionism states paying in lost jobs, they are also paying for the cost of compulsory unionism out of their wallets.

Invariably, compulsory unionism leads to union official-inspired strikes, slowdowns, inefficient work rules, featherbedding, and a "hate-the-boss" mentality which substantially increase the cost of goods, services, and state and local taxes.

The result is the "Right to Work boon." The average urban family living in a Right to Work state has an after-tax, cost of living-adjusted household income of \$36,540—\$2,852 more than a family in a forced-unionism state.

As said by former United States Senator Sam Ervin in his autobiography *Preserving the Constitution*, "Right to Work laws remove the motive of the union to subordinate the interests of the employees to its wish, and, thus, leave it free to conduct negotiations for the sole purpose of obtaining an employment contract advantageous to the employees."

CONCLUSION

Right to Work states offer an economic environment free from much of the Big Labor's imposed "featherbedding," and work rules which reduce the value of employees' wages by driving up production costs. Ultimately, this only serves to reduce the number of jobs in their state.

Mr. Speaker, no one should be forced to join a labor union as a condition of employment, and every American should be given the same economic opportunities shared by most employees in 21 states.

I urge you to schedule a roll-call vote on HR 59, the Nation Right to Work Act.

NATIONAL RIGHT TO WORK BILL

SPEECH OF

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1998

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, I would like to thank the gentleman for yielding, and I would also like to thank him for his commitment and hard work on this issue.

Mr. Speaker, I have personally received hundreds of petitions from constituents urging a roll-call vote on H.R. 59, and I am proud to be able to speak here tonight in defense of those constituents.

I certainly agree with the gentleman from Virginia. H.R. 59 is about individual liberty.

Members, particularly from the other side of the aisle, and the union officials down the street in their fortress they call the "Marble House", built by forced dues, like to purport that the National Right to Work Act is an attempt to silence workers. To the contrary, Mr. Speaker, the National Right to Work Act is about giving workers a voice.

As the gentleman from Virginia stated, this bill does not add one single word to federal law. It simply amends the National Labor Relations Act and Railway Labor Act by striking the forced-dues provisions from federal law. That is it.

The National Right to Work Act would leave the following language completely intact: "Employees shall have the right to self-organization, to form, join or assist labor organizations to bargain collectively through representatives of their own choosing and to engage in other concerted activities for the purposes of collective bargaining or other mutual aid or protection and shall have the right to refrain from any or all such activity".

Mr. Speaker that is where the Right to Work Act would put the period. I want to make it clear, the National Right to Work Act maintains employees' rights to join or assist a labor organization. The National Right to Work Act maintains employees' rights to bargain collectively through representatives of their own choosing.

What the National Right to Work Act removes is the following four lines and its supporting lines. "Except to the extent that such right may be affected by an agreement requiring membership in a labor organization as a condition of employment."

That is what opponents of the National Right to Work Act object to, Mr. Speaker. Eliminating the right currently held by union officials to force workers to pay union dues as a condition of employment.

Opponents of this bill object to allowing individual workers the right to decide for themselves whether or not they wish to join or pay dues to a labor union.

Mr. Speaker, what opponents of this bill object to is taking away the power union officials currently have to tell America's workers to either pay up or get fired.

Mr. Speaker, why are opponents of this bill afraid to give a voice to workers? It is because union officials know that their agenda is different than their workers.

As President Clinton's former Labor Secretary said: "In order to maintain themselves, they have to hold their members to the mast, hold their feet to the fire."

The Right to Work principle affirms the right of all Americans to work where they want and for whom they want without coercion of any kind to join or not join or financially support labor unions.

Mr. Speaker, One of America's great founding fathers, and U.S. President, Thomas Jefferson, once wrote: "To compel a man to furnish contributions of money for the propagation of opinions which he disbelieves is sinful and tyrannical."

Mr. Speaker, today millions of Americans are being forced to contribute money for the propagation of opinions that they do not believe in.

It is time to have a vote on the National Right to Work Act. It is time to let the American people know if their Representatives support individual liberty or compulsion.

SUBCHAPTER S REVISION ACT OF 1998

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 21, 1998

Mr. SHAW. Mr. Speaker, today over 2 million businesses pay taxes as S corporations and the vast majority of these are small businesses. The S Corporation Revision Act of

1998 is targeted to these small business by improving their access to capital, preserving family-owned businesses, and lifting obsolete and burdensome restrictions that unnecessarily impede their growth. It will permit them to grow and compete in the next century.

Even after the relief provided in 1996, S corporations face substantial obstacles and limitations not imposed on other forms of entities. The rules governing S corporations need to be modernized to bring them more on par with partnerships and C corporations. For instance, S corporations are unable to attract the senior equity capital needed for their survival and growth. This bill would remove this obsolete prohibition and also provide that S corporations can attract needed financing through convertible debt.

Additionally, the bill helps preserve family-owned businesses by counting all family members as one shareholder for purposes of S corporation eligibility. Under current law, multi-generational family businesses are threatened by the 75 shareholder limit which counts each family member as one shareholder. Also, non-resident aliens would be permitted to be shareholders under rules like those now applicable to partnerships. The bill would eradicate other outmoded provisions, many of which were enacted in 1958.

The following is a detailed discussion of the bill's provisions.

TITLE I—SUBCHAPTER S EXPANSION

SUBTITLE A—ELIGIBLE SHAREHOLDERS OF AN S CORPORATION

SEC. 101. Members of family treated as one shareholder—All family members within seven generations who own stock could elect to be treated as one shareholder. The election would be made available to only one family per corporation, must be made with the consent of all shareholders of the corporation and would remain in effect until terminated. This provision is intended to keep S corporations within families that might span several generations.

SEC. 102. Nonresident aliens—This section would provide the opportunity for aliens to invest in domestic S corporations and S corporations to operate abroad with a foreign shareholder by allowing nonresident aliens (individuals only) to own S corporation stock. Any effectively-connected U.S. income allocable to the nonresident alien would be subject to the withholding rules that currently apply to foreign partners in a partnership.

SUBTITLE B—QUALIFICATION AND ELIGIBILITY REQUIREMENTS OF S CORPORATIONS

SEC. 111. Issuance of preferred stock permitted—An S corporation would be allowed to issue either convertible or plain vanilla preferred stock. Holders of preferred stock would not be treated as shareholders; thus, ineligible shareholders like corporations or partnerships could own preferred stock interests in S corporations. A payment to owners of the preferred stock would be deemed an expense rather than a dividend by the S corporation and would be taxed as ordinary income to the shareholder. Subchapter S corporations would receive the same recapitalization treatment as family-owned corporations. This provision would afford S corporations and their shareholders badly needed access to senior equity.

SEC. 112. Safe harbor expanded to include convertible debt—An S corporation is not considered to have more than one class of stock if outstanding debt obligations to shareholders meet the "straight debt" safe harbor. Currently, the safe harbor provides

that straight debt cannot be convertible into stock. The legislation would permit a convertibility provision so long as that provision is substantially the same as one that could have been obtained by a person not related to the S corporation or S corporation shareholders.

SEC. 113. Repeal of excessive passive investment income as a termination event.—This provision would repeal the current rule that terminates S corporation status for certain corporations that have both subchapter C earnings and profits and that derive more than 25 percent of their gross receipts from passive sources for three consecutive years.

SEC. 114. Repeal passive income capital gain category—The legislation would retain the rule that imposes a tax on those corporations possessing excess net passive investment income, but, to conform to the general treatment of capital gains, it would exclude capital gains from classification as passive income. Thus, such capital gains would be subject to a maximum 20 percent rate at the shareholder level in keeping with the 1997 tax law change. Excluding capital gains also parallels their treatment under the PHC rules.

SEC. 115. Allowance of charitable contributions of inventory and scientific property—This provision would allow the same deduction for charitable contributions of inventory and scientific property used to care for the ill, needy or infants for subchapter S as for subchapter C corporations. In addition, S corporations would no longer be disqualified from making "qualified research contributions" (charitable contributions of inventory property to educational institutions or scientific research organizations) for use in research or experimentation. The S corporation's shareholders would also be permitted to increase the basis of their stock by the excess of deductions for charitable contributions over the basis of the property contributed by the S corporation.

SEC. 116. C corporation rules to apply for fringe benefit purposes—The current rule that limits the ability of "more-than-two-percent" S corporation shareholder-employees to exclude certain fringe benefits from wages would be repealed for benefits other than health insurance. Under this bill, fringe benefits such as group-term life insurance would become excludable from wages for these shareholders. However, health care benefits would remain taxable to the extent provided for partners.

SUBTITLE C—TAXATION OF S CORPORATION SHAREHOLDERS

SEC. 120. Treatment of losses to shareholders—A loss recognized by a shareholder in complete liquidation of an S corporation would be treated as an ordinary loss to the extent the shareholder's adjusted basis in the S corporation stock is attributable to ordinary income that was recognized as a result of the liquidation. Suspended passive activity losses from C corporation years would be allowed as deductions when and to the extent they would be allowed to C corporations.

SUBTITLE D—EFFECTIVE DATE

SEC. 130. Effective date—Except as otherwise provided, the amendments made by this Act shall apply to taxable years beginning after December 31, 1998.

TITLE II—SENSE OF THE HOUSE OF REPRESENTATIVES RESOLUTION

SEC. 201. The House would go on record in opposition to the President's Fiscal Year 1999 budget proposal to treat the conversion of "large" C corporations to S corporations as taxable liquidations, for this would be harmful to the business community and would effectively prohibit many businesses from making S elections in the future.