

# EXTENSIONS OF REMARKS

THE FINANCIAL FREEDOM ACT OF  
1999

SPEECH OF

**HON. DENNIS MOORE**

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 22, 1999*

Mr. MOORE. Mr. Speaker, I rise today to express my opposition to this tax cut package and to explain my votes on this legislation.

H.R. 2488 is fiscally irresponsible and dangerous to the country's economic growth and future. The package sponsored by Representative BILL ARCHER would commit this Congress to cutting taxes by \$792 billion over the next 10 years, dedicating the majority of an expected \$1 trillion Federal budget surplus—that may or may not materialize—toward massive tax cuts. Projections by the Treasury Department suggest that the cost of the bill would explode to \$3 trillion in the second 10 years. This is the same decade in which our obligation to the retiring baby boom generation comes due, the Social Security Trust Fund will begin to be drained, and the Medicare Trust Fund will be exhausted.

Mr. Speaker, I serve on the House Banking and Financial Services Committee. On July 22, the same day that this Congress acted to pass a \$792 billion tax cut, Federal Reserve Chairman Alan Greenspan testified before our Committee. Chairman Greenspan not only argued that the projected surpluses on which this tax cut relies are based on spurious assumptions, but also that his preference would be to allow these surpluses, should they materialize, to buy down our \$5.6 trillion debt. I listened to Chairman Greenspan and I voted against the majority tax cut bill. I voted for the motion to recommit, a proposal that would instruct the Ways and Means Committee to heed the advice of Chairman Greenspan and redraft their bill to distribute 50 percent of the surpluses to buying down our debt, 25 percent to tax cuts and 25 percent to ensure the long-term solvency of Social Security and Medicare. Unfortunately, this motion failed by nine votes.

For the first time in a generation, we have an opportunity to do the right thing, the financially responsible thing for our children, our grandchildren and our Nation—we have the opportunity to put our financial house in order by paying down our burdensome national debt. In 1998, we paid \$243 billion in interest on the national debt. Paying down the debt would reduce these annual interest payments to fund future tax cuts or other needs. Paying down this debt would reduce our overall interest rates, as much as 2 or 3 percent. The benefit of such a decrease in interest rates should be readily apparent to any person in this country who borrows money from a bank or carries a credit balance.

By way of illustration, if one finances a mortgage of \$115,000 for 30 years at 8 percent, the payment is \$844 each month. But decrease the interest rate by only 2 percent, and

the mortgage payment is \$689 per month for monthly savings of \$155 or an annual savings of \$1,860. I call this the ultimate tax cut. By way of contrast, H.R. 2488 would only place \$289 back in the average taxpayer's pocket. This, while bankrupting America's future.

I believe we should not let this opportunity pass. I believe we should be fiscally responsible and do the right thing now for our Nation and for our Nation's future. I believe that the only vote that represents this sort of resolve and discipline was "aye" on the motion to recommit.

Mr. Speaker, I also voted in favor of the minority substitute that provides substantial tax relief to working Americans who need it most. While I would have included provisions that differ somewhat from this version had I drafted this bill myself, the minority substitute contains the following provisions that are beneficial to Kansans:

**Estate Tax Relief:** \$26 billion in estate tax relief over 10 years to accelerate the \$1 million exclusion from 2006 to 2000.

**Marriage Penalty Reduction:** \$74 billion in tax relief over 10 years to reduce the "marriage penalty." The bill adjusts the standard tax deduction for a joint income tax return filed by a married couple so that it is twice the standard deduction allowed to single taxpayers—\$8,600 as opposed to the current \$7,200.

**Permanent Extension of the Research and Development Tax Credit:** \$27.2 billion over 10 years to permanently extend the tax credit for businesses that engage in resource-intensive research, thereby encouraging economic expansion. A 1998 study estimated that a permanent R&D tax credit would result in an additional \$41 billion in private sector research and development investment between 1998 and 2010.

**Child Credit Increase:** \$17 billion in tax relief over 10 years to increase the family child tax credit by \$250 for each child under five.

**Limitations on Non-Refundable Credits:** \$36 billion in tax relief over 10 years to repeal the current limitation on the use of non-refundable credits to reduce an individual's tax liability. Non-refundable tax credits include the child credit, various education credits and the dependent care credit.

**School Construction and Modernization:** \$8.6 billion over 10 years for interest-free funds to State and local governments for public school construction and modernization projects.

**Life-Long Learning Support:** \$7 billion over 10 years to make permanent the exclusion from income amounts received from employer-provided educational assistance for both higher education and post-graduate expenses.

**Long-Term Health Care Credit:** \$15 billion over 10 years to extend a non-refundable income tax credit of \$1,000 for each individual with long-term needs taken care of in a household.

Mr. Speaker, this plan also restricts the majority of these tax cuts from taking effect until Medicare and Social Security have achieved

solvency. This plan, along with my support of the motion to recommit, is the responsible approach to providing tax relief. I hope that this Congress can work together in the weeks and months ahead to provide reasonable and responsible tax relief to working families and family businesses while also paying down the debt and strengthening Medicare and Social Security.

THANK YOU, CHIEF GARY A.  
MUELLER

**HON. JAMES A. BARCIA**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. BARCIA. Mr. Speaker, if any of us ever face an emergency like a fire or accident, we are both most fortunate and comforted by the fact that caring professionals will respond to our needs. For nearly thirty-six years, the people of Bay City have received such service from Fire Chief Gary Mueller, who has recently retired from the Bay City Fire Department.

Gary Mueller has lived in Bay City all his life. Since his time at Zion Lutheran Grade School with the important guidance he received from his parents Otto and Marie Mueller, through his days at Handy High School, Bay City Junior College, and Delta College, Gary Mueller made friends in the community who later became the people he swore to help protect as a member of the Bay City Fire Department.

From that first day, September 12, 1963, he was an exemplary member of the Department. He was promoted to Relief Engineer on March 6, 1976, and then to Engineer on June 22, 1983. He was promoted to Lieutenant on the "C" shift on August 18, 1988. He became a Captain on April 4, 1990, and then Assistant Chief on August 4, 1992.

The work of a firefighter is one filled with danger, and our appreciation of the work done by Chief Mueller must also extend to his wife Nancy Crampton Mueller, and his children Mandi, Michel, Steven and Scott, and his stepsons Marc and Scott Uhlmann. They had the worry while the public had the benefit. Now that they can rest assured that Gary Mueller will be out of harm's way, may they all know that their peace of mind is as well-deserved as Chief Mueller's retirement, and the Chief's chance to enjoy his granddaughter, Kayla.

Mr. Speaker, we certainly appreciate the work of Gary Mueller who sacrificed and risked so much over the years. I ask you and all of our colleagues to join me in thanking him for his years of service, and in our best wishes for whatever life holds in store for him and his wonderful family.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

JUDICIAL CORRUPTION IN  
ARGENTINA

**HON. EDOLPHUS TOWNS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. TOWNS. Mr. Speaker, I would like to submit the following remarks to the attention of my colleagues. These remarks were delivered on July 22nd, at a congressional human rights caucus members' briefing on corrupt practices in Argentina's judicial system. While Argentina has made some strides toward democratization, the information shared with members at this briefing suggests that much work still remains to be done with their judicial system.

STATEMENT OF MS. VIRGINIA GOLAN, DIRECTOR OF HUMAN AFFAIRS, BUENOS AIRES YOGA SCHOOL FOUNDATION (BAYS)

Honorable Members of Congress, staff members, concerned activists, friends, ladies and gentlemen, thank you with all my heart for the opportunity to share with you our story. It is a sad one . . . but with your help, I hope that there may still be a happy ending for us and for democracy in Argentina.

My name is Virginia Golan. I am 28 years old. I am from Argentina. I am a member of a small institute and school of philosophy, the Buenos Aires Yoga School (BAYS). I should be in Buenos Aires today studying, but I can't because of government oppression. I should be with my friends, but I'm not because they are in hiding. Today, I spend as much time as I am able in the United States because I am afraid to go home. In fact, I haven't spent very much time at home since I was badly beaten four years ago by agents of the Argentine judiciary. The first time, late one evening when leaving a meeting of my school, I was attacked. They threw me against a wall, told me not to look back, and threatened to kill me if I did not stop my lobbying efforts in the BAYS case. The next time, in broad daylight, after I left the Argentine Legislature, a strange car pulled next to me. They beat me while shouting, "Stop causing trouble for the judges, you whore, or we'll kill you." The attackers concentrated on hitting my face, leaving me with black eyes and grotesque bruising of my face. Fearing for my safety, soon after I left my home and my friends to bring our story to America. And this is our story.

Six years ago, a member of BAYS, Maria Valeria Llamas, was subjected to rape, sexual abuse and psychological torture by her stepfather, Sommariva, he countersued by accusing our school of being a cult that brainwashed and corrupted his 24 year-old stepdaughter.

The judicial nightmare that ensued has consumed the last six years of my life and the lives of the 300 families of BAYS. It is about abuse of power. It is about greed and corruption. It is about fear, and violence and hate. It is about all those things that the Argentine government would rather were never mentioned. It is about a small struggle for freedom that has come to symbolize the greater struggle for democracy and justice throughout my country. And today, in these chambers, it is becoming a story of hope.

Since that fateful day, the many tentacles of the Argentine Judiciary have harassed the members of our school, especially the women. Our homes have been illegally searched, our property illegally confiscated, our phones illegally tapped, careers ruined and our reputations stained. Even our youngest members have been subjected to the ter-

ror that is Argentine justice. Such as minor, Celeste Fain (whose brave mother is here today) a young Jewish girl, who was physically violated and raped by a member of the Argentine judiciary, the first criminal trial judge handling our criminal prosecution, Judge Mariano Berges. Other BAYS members have been detained, separated from their families and forced to submit to psychiatric and psychological tests. While in judicial detention, Dr. Maria Eugenia Rossi and Carmen Graciela Alarcon, two of our more prominent members, were vaginally and anally violated, and subjected to inhumane conditions while in the court's jail for up to 16 days.

Most recently, the Argentine judiciary appointed a third criminal trial judge to investigate the BAYS case, a procedural duplication that is highly unusual even under Argentina's bizarre judicial system, as admitted by Argentine Supreme Court Justices Moline O'Connor and Adolfo Roberto Vazquez. The third criminal trial judge, Corvalan de la Colina, has escalated the terror, authorizing new criminal cases to be filed, based on the same meritless facts. Such is the situation with my 27 year-old friend, Carla Paparella. Her parents have mistreated her all her life. As any sane person would do, she left that life of abuse as soon as she was of age. Now her parents continue harassing her by accusing BAYS of forcing her into involuntary servitude. Carla went to see Judge Corvalan to show what a farce this is, but he would not meet her. She filed a document, which I submit as evidence for the record, stating that she is of sound mind and that her parents are lying. She is here with us today. To make matters worse, Maria Valeria Llamas' mother launched a new case based on the same unproven accusations that Maria's stepfather Sommariva initiated 6 years earlier.

The Argentine judiciary is now using a new, dangerous strategy to attack BAYS by declaring that some women are mentally incompetent, thereby allowing their parents to sue BAYS on their behalf and against their will. Criminal Trial Judge Corvalan has violated Argentine law by declaring, without legal authority nor professional psychological assessments, that BAYS members Maria Valeria Llamas and Maria Veronica Cane are mentally incapable. The court has stripped these two young women of their civil rights, while terrorizing them with the ever present concern that they can be picked up anytime to be locked away in primitive mental institutions specializing in electroshock therapy. They live in constant fear, and the message to the rest of us at BAYS is that we can be next.

The truth is that the official psychological examination and test done on Carla Paparella, Maria Veronica Cane and Maria Valeria Llamas, as well as many others in BAYS who were tested, document they are all sound, stable, normal people. I submit for the record the forensic reports on these BAYS members. I further submit an affidavit by Dr. David Preven, a foremost expert on cults whose practice is in New York. Dr. Preven extensively investigated into the allegation that BAYS is a cult. Dr. Preven's findings directly refute this lie. The Argentine judiciary, however, does not want to deal with reality.

In March 1995, the Argentine Court of Appeals instructed the Lower Court criminal trial judge to close the BAYS investigation in 45 days and resolve the case. Incredibly, the judicial decree was ignored and the investigation continues today, a blatant violation of the Argentine Penal Code. The flaunting of Appellate Court decisions by Argentina's criminal trial judges dangerously undermines the foundation of rule of law in

Argentina. It is the respect for and enforcement of rule of law that distinguished true democracies from those that pretend to be.

All these years, one thread of evidence of corruption, involuntary servitude or brainwashing has been produced in a court of law. But the Argentine judiciary refuses to close the case and all BAYS members are stigmatized by a cloud of suspicion. We are treated as corrupters and corrupt people. We are condemned as mentally incompetent or called prostitutes. We have no possibility of clearing our reputation. We are stripped of our livelihoods, our sense of personal safety and well being, and our very dignity as individuals.

Now, some will tell you that this is simply the way of Argentina, which is cursed with an inefficient and belabored judicial system. I do not believe this. Evidence how swiftly our judiciary issues orders of detention, puts people in jail, authorizes searches and taps telephones. Witness how quickly they strip us of our rights and destroy lives. These are not the actions of a moribund institution. On the contrary, the Argentine judiciary can be a brutally efficient and destructive body. It needs direction and reform. It is crying out for help. We are asking for your help in steering our institutions of justice down a better brighter path.

Some will tell you that this is not America's concern. I am here to say that it does concern you. Not only are several members American, but as long as the people of America sell weapons to my government, sign contracts and extend debt service and support American business to make profits there, and encourage U.S. citizens to travel and spend money there—you are investing in Argentina's rule of law. The same rule of law that can put me in jail on a whim, can steal and turn on you. The same judge who has stripped me of my rights for a dollar, will rob you blind through a miscarriage of justice. The same soldier who beats me today, may kill me tomorrow with an American gun. Today, more than ever, I beg that you understand this should be of concern to you and all Americans. Although we were over 1,000 strong in membership, today, after 6 years of constant judicial persecution and violation of our human rights, only 300 remain. The Directors and students of BAYS have seen their honor and their dignity publicly soiled through denigrating accusations of crimes. After 6 years, we know the baseless charges will never be proven in a court of law, as they are blatant lies.

Ladies and gentlemen, every evening when we return to our homes, we are afraid to find them ransacked. We are scared to find our names and reputations further denigrated with scurrilous attacks in the yellow press. We are falling deeper and deeper into the despair of an unending hell. We are sick. We are tired. And I'm sorry to say that we are losing. We fear, that this is a never-ending prosecution, haunting us day after day, year after year—it seems forever. The specter of jail and mental institutions threatens our lives daily, while we continue postponing our dreams. I am very afraid because I do not know how much longer we will have the strength to continue this fight against oppression—a fight for our very survival, a fight for freedom for the Argentine people. I wonder, how long can we and must we endure? We beg of your great Nation, America, that you help us make our dreams of a democratic Argentina come true some day. I cannot thank you more deeply from my heart for your help.

INTRODUCTION OF H. CON. RES. 163  
CALLING FOR THE FULL INVESTIGATION OF THE BOMBING OF THE JEWISH CULTURAL CENTER IN BUENOS AIRES, ARGENTINA

**HON. ANTHONY D. WEINER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. WEINER. Mr. Speaker, today is the Tisha B'Av, 5759 by the Hebrew calendar, the most important day of mourning in the Jewish year. It is the anniversary of the most tragic events in Jewish history, for it was on the this day, in 3338 that the first temple in Jerusalem was destroyed by the Babylonians, and in 3828 that the second temple was destroyed by the Romans.

Although this day is primarily meant to commemorate the destruction of the Temple, it is appropriate to consider on this day the many other tragedies of the Jewish people, many of which occurred on this day, the expulsion of the Jews from Spain, Betar, the last fortress to hold out against the Romans during the Bar Kochba revolt, fell, and so many others.

But the tragedies of Jewish history are not all so ancient. This past Sunday marked the 5th anniversary of the bombing of the Jewish Cultural Center in Buenos Aires, Argentina. On July 18, 1994, the Jewish Cultural Center in Buenos Aires, Argentina was destroyed by a terrorist bomb. Eighty-six people were killed. Over 300 people were wounded. The Argentina Mutual Aid Association's archive of community records, which dated back to 1894, was destroyed.

While this bomb destroyed the building, and the records, and the lives of so many—Jews and non-Jews alike—it has not dampened the spirit of the Jewish population of Argentina, which at 250,000 is second only to the United states in this hemisphere.

What is dispiriting is that today, five years after that tragic bombing, we still have not brought the terrorists to justice. Though we have recently seen the arrest of more suspects, there is still no resolution, no closure for the families that still grieve for their loved ones.

That is why I am choosing today, Tisha B'Av, the ninth of Av, to introduce a concurrent resolution calling upon the Argentine Government to fully support and devote all resources necessary to the efforts of Judge Juan Jose Galeano and to fully investigate, apprehend, and prosecute those responsible for the bombing; requesting that the Argentine security forces and the judiciary of Argentina not impede this independent investigation; and requesting that Argentine President Carlos Menem appoint an independent committee to investigate and report on the integrity and competence of Argentina's system of justice.

I invite my colleagues to cosponsor this resolution.

PERSONAL EXPLANATION

**HON. ROBERT L. EHRlich, JR.**

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. EHRlich. Mr. Speaker, yesterday, July 26, 1999, I missed several votes because my

wife Kendel and our new baby boy were released from the hospital. Specifically, I missed the following two rollcall votes: 335 (Hoeffel amendment to H.R. 1074); and 336 (passage on H.R. 1974). If I had been present I would have voted "no" on rollcall No. 335 and "aye" on rollcall No. 336.

Likewise, I would have voted "aye" on Mr. MCINTOSH's en bloc amendments to H.R. 1074; S. 604; H.R. 2565; H. Res. 172; H.R. 457; S. 1260; S. 1259; and S. 1258, all of which were agreed to by voice vote.

FLAG CITY USA

**HON. GREG WALDEN**

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. WALDEN of Oregon. Mr. Speaker, in the vast Second Congressional District of Oregon lies a city named Redmond, also known as "Flag City USA." Redmond is called "Flag City USA," because currently it proudly displays 687 flags that have been flown over our Nation's Capitol. I would like to commend the citizens of Redmond for this great project that shows a strong sense of community spirit and patriotism.

The first display of flags was on July 4, 1991, the day that our nation officially welcomed home all veterans from Desert Storm and prior wars. The initial display was the concept of Mr. Mac McShannon. With the help of City Councilman Randy Povey, it became a reality. The flags displayed included 180 flags that had once draped the caskets of fallen veterans, which were made available by American Legion Post 44.

When Mr. McShannon and Mr. Povey learned that the flags from the previous year would not be available to display in the future, The Downtown Redmond Flag Committee was born. A representative of almost every civil organization of Redmond met with the American Legion, and a mission statement was developed and it reads as follows:

It is the feeling of this committee that flags should be flown on our city streets during appropriate holidays and other special occasions. Therefore, the acquisition, display, and perpetual care of the flags are now points we must address. Since this should be a community endeavor, we would like all area organizations, clubs, businesses and interested individuals to join us in a plan to perpetuate Americanism, the display of our flag and the Redmond Community Spirit.

True to their mission, community spirit is exactly what the city has shown. Since the first formal meeting on September 20, 1991, until today, the Flag Committee has obtained 687 flags, all of which have been flown over our Nation's Capitol and their final goal is 1,000 flags. Many local businesses have donated supplies, while local community organizations like Rotary, Kiwanis, Moose, Elks, Smokey-RVFD, Boy Scouts, Veterans of Foreign Wars, American Legion, Chamber of Commerce and the City Council have kept the program going with their support.

On Saturday, July 31, the City of Redmond will receive their 700th flag, a tremendous milestone on their way to the final goal of 1,000. I am happy that I will be a part of Redmond's celebration in achieving this milestone.

Patriotism has rarely been more apparent than when you drive down the main streets of Redmond on one of the special occasions when the 700 flags are flown. Each time I see this display, a strong sense of pride in my country and those who have served to protect our freedom is renewed. I know of no other city in the United States that comes close to matching Redmond's efforts to honor our flag and American pride. I am proud to say that I represent "Flag City USA" in the United States Congress.

PRIVATE ACTIVITY BONDS

**HON. JOHN J. LaFALCE**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. LAFALCE. Mr. Speaker, today, I am announcing my intention to co-sponsor H.R. 864, the "State and Local Investment Opportunity Act of 1999." This legislation would accelerate the increase in the private activity bond cap so that it would take effect at the beginning of next year, and index that cap in subsequent years for inflation.

I take this step in recognition of the value of expanding low interest rate financing for projects which include affordable housing, single family mortgages, student loans, environmental cleanup, and manufacturing job creation, and in recognition that politically, at least for the present, this may be the only way to accomplish these desired results.

However, I also feel compelled to express my reservations about expanding this and other tax-oriented mechanisms without a more extensive Congressional review of the merits of using the tax code for these purposes. Specifically, the issues of efficiency and accountability need to be addressed much more fully.

Every dollar of foregone tax revenue impacts the federal surplus or deficit in the exact same way as does an increased dollar of spending. Yet, the combination of tight discretionary spending caps and the popularity of tax cuts seems to have convinced lawmakers that the easiest route to increase resources for important priorities is through a tax credit or tax expenditure.

The serious drawback to this approach is that it is a very inefficient and costly way to achieve the desired purpose. For every dollar of foregone federal revenue, only a portion of that amount goes for the benefit of the project. A significant portion goes to the benefit of the taxpayer or entity through which the tax benefit is funneled. For example, a 1988 GAO report concluded that for every dollar of revenue foregone by the federal government through the issuance of mortgage revenue bonds, only between 12 and 45 cents of such subsidy are received by the homeowner.

A more direct, and clearly more efficient, less costly approach, would be to provide the benefit directly in the form of spending. Of course, this approach can easily be demagogued as "tax and spend liberalism." Yet, direct program spending and tax expenditures are essentially indistinguishable—except that the tax expenditure is almost always less efficient, and therefore much more costly.

A second issue is that of accountability. The principle that the governmental unit that spends tax dollars should be the same entity

that taxes its citizens to raise such dollars is a good one.

However, there are a growing number of federal tax expenditures and programs that transfer complete authority to states and localities to spend the funds as they see fit, subject only to broad general parameters. This is, in effect, "free money" to the states and localities. This is not to conclude that they make bad spending and allocation decisions, but just that such decisions are not grounded in the principle of accountability—i.e., of having the tax raisers answer directly to the taxpayers.

As Congress gets wrapped up in the day to day battles over how much to tax and how much to spend, it would do well to take a longer term, more comprehensive review of the best way to use federal resources to achieve the important policy objectives that we all share.

IN RECOGNITION OF TEXAS  
EASTMAN'S 50TH ANNIVERSARY

**HON. RALPH M. HALL**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. HALL of Texas. Mr. Speaker, I rise today to pay tribute to "50 Years of Great Chemistry" by the Texas Eastman Division of Eastman Chemical Co., which has accomplished and contributed so much as a company and to the people of East Texas.

Eastman Chemical is a leading international chemical company that produces a wide range of chemicals, fibers, and plastics. In 1949, Longview, Texas, was selected as the location for the Texas Eastman Division. In 1950, plant construction began, and by 1952 products were being shipped out. From its modest beginning in 1950, the Eastman Division has grown into one of the largest petrochemical plants in Texas. The original plant in Longview, Texas, occupies a 6,000-acre site close to the East Texas Oil Field, which has provided the company with its principal raw materials—propane, ethane, and natural gas. The company also owns and operates a 300-acre underground storage facility in Tyler, Texas, where more than 250 million gallons of propane, ethane and chemical intermediates are stored. Texas Eastman uses approximately 55,000 barrels per day of its raw materials. In order to produce such a large quantity of raw material, Eastman owns and operates 11 pipelines that extend as far as 200 miles to the Texas Gulf Coast. Texas Eastman's products are high-volume, continuous processes which operate twenty-four hours a day, seven days a week. On average, the company ships more than 9 million pounds per day of chemical and plastic products to its consumers worldwide.

Texas Eastman is one of the largest employers in East Texas with approximately 2,700 employees and annual payroll and benefits totaling 175 million dollars. Eastman also employs some 16,000 men and women in 30 countries around the world. Committed to working toward an improved quality of life for our families, neighbors, and communities, Texas Eastman and its employees participate extensively in civic and professional organizations throughout East Texas. Additionally, the company floods the East Texas economy with hundreds of millions of dollars each year

through materials, services, freight and local state taxes. Since 1981, Texas Eastman has spent hundreds of millions of dollars on environmental, operating, developmental, and capital projects, on its way to becoming the 9th largest chemical producer in the United States.

Eastman Chemical Company's commitment has not gone unrecognized. In 1993, Eastman won the Malcolm Baldrige National Quality Award, the first chemical company to win this prestigious national award. Texas Eastman also received the first Texas Quality Award presented to companies that are role models for quality excellence in the State of Texas. Additionally, Texas Eastman has received numerous awards for its efforts to protect the environment, such as the Environmental Protection Agency Administrator's Award for "outstanding achievements in pollution prevention." For its significant improvement in the state's environment, Eastman also received the "Excellence in Environmental Awareness" award from the League of Women Voters of Texas in 1995. From the "Best in Texas" award, the Clean Industries 2000 Award, the list of honors and accolades bestowed upon Texas Eastman are numerous and distinguished.

"It is the policy of Eastman Chemical Company to carry out its business activities in a manner consistent with sound environmental management practices and in compliance with applicable environmental laws and regulations." These very words are the proud motto by which all Eastman employees stand true. The men and women of Texas Eastman proudly assume this responsibility as caring citizens, who continue to devote their time, talents, and energy as volunteers and civic leaders for the betterment of their communities.

Mr. Speaker, the Texas Eastman Division of the Eastman Chemical Co., is a tremendous asset to East Texas. As we adjourn today, let us honor and recognize the 50th anniversary of this committed and prosperous company.

RELIGION IN PUBLIC HIGH  
SCHOOLS AND SAFE SCHOOLS

**HON. BERNARD SANDERS**

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. SANDERS. Mr. Speaker, I would like to have printed in the RECORD statements by high school students from my home State of Vermont, who were speaking at my recent town meeting on issues facing young people today. I am asking that you please insert these statements in the CONGRESSIONAL RECORD as I believe that the views of these young persons will benefit my colleagues.

RELIGION IN PUBLIC HIGH SCHOOLS

(On behalf of Nathan Loizeaux, Larry Grace and Melissa Tobin)

Nathan Loizeaux: In opening, we would just like to thank Congressman Bernie Sanders and everybody else who is involved in this to give us a chance to voice our opinion. Thank you.

We would like to address the subject of religion in the public high school. We believe that our laws need to be reformed or we need new ones, because the existing laws seem to be inadequate at this time. They seem to be very broad, and most high schools that we

have attended seem to ignore most of these laws, based on the fact that we are teenagers.

I would just like to say, in the court case *Rosenberg v. Reactor and Visitors of the University of Virginia*, the 115th Circuit Court, 25,010, 1995, the court concluded that free speech itself was threatened if religious speech was singled out for different treatment.

We have found that, in the current high school, public high schools, that religious groups are treated in a different way, and by Vermont and federal government laws, they are required to give us equal rights.

Larry Grace: At our school, the subject of religion is needed to be addressed, because it is a major issue that concerns us teenagers who have religious beliefs. Since time in our school has past, we have noticed that the public school system is not upholding the state and federal government laws for equal rights for religious groups inside the public school system. The laws are ignored, and the school system gets away with it, because we, as students, don't have the funds to fight back. And there should be new laws or for the current laws to be better enforced, to be instituted. The federal government and state laws require for the public school system to give religious groups inside schools equal rights. We feel they should be the same as nonreligious groups inside the school, allowing them to express their thoughts and beliefs in forms of materials and displays. The public school system is not adhering to these laws of equal rights in a way that we feel the religious groups within the public school are being discriminated against because of what they are.

Melissa Tobin: If schools allow noncurricular student-led groups to use their facilities for meetings and displays, why couldn't they allow student-led prayer groups to use the facilities in the same way? If a religious group were to put up a display, it may be thought of as forcing a certain religion on fellow students. If another group were to put up a display on sexual preferences, no one would feel that it was forcing their beliefs or preferences. Is the Constitution being violated if schools allow religious symbols and forums within the school building?

SAFE SCHOOLS

(On behalf of Erin Gover and Beth Ziner)

Erin Gover: This morning I've chosen to talk about a pressing issue, which is educational safety. Lately there have been many occurrences throughout the country that have involved school shootings, most recently the Colorado incident. This topic hits a little too close to home, and if I were to sit here and talk about the many, many aspects of it, it would take valuable time that could be spent solving those problems, so I have chosen to focus on three main things, which are the weapons, the influences of this violence, and the effects of this violence.

First let's start off with the weaponry. Right now, there are a 192 million handguns in private possession. Think about that for a minute: 192 million. Now, they are not all legal, they don't all have permits. Most come from newspaper ads from, let's say, the Burlington Free Press. And it is not okay. In 1996, there were 9,390 murders involving handguns; in New Zealand, there were 2. What is the real difference between the United States and New Zealand? Sure, there's the distance factor. But are we really that different? They're the same people. And out of those 192 million handguns, there are 280 million people in the United States. That is over half, and that is including children. Where are these guns?

And the influences of this violence. The media is not the cause. We want to blame someone, and when I say "we," I mean the human race in general. We want a quick solution, but there really aren't any. We have been doing this for centuries. For example, Hitler and the Jews. He blamed the Jews because he could; that's all. And we are blaming the media for these shootings because we can and it's a quick solution. We need to open our eyes and we can see the warning signs. It goes back to the individual. The problem starts there.

And the effects of the violence. It is at Colchester High School, and it is not just Littleton, Colorado. It makes people wonder: Could it happen here? Because we have had—as Beth is going to speak about—gun threats and bomb threats, and what's next?

Solutions to these problems need to be done and need to be done now. There need to be stricter laws, harsher penalties. I don't care if the kid is 7 years old; he still brought a gun to school, and he needs to be made an example of so it doesn't happen again. There needs to be a town meeting or a public forum telling the community members about these warning signs. If parents are going to deny they are there, the need to know.

One source that I have heard of that had an idea is for students to pick a mentor that they felt comfortable talking to, even if things are good, or bad, even. But the point is, it's their choice, and there's comfort, and it solves the communication problem. Things need to be done so that Colchester, Vermont, doesn't become Littleton, Colorado.

Thank you.

Beth Ziner: The problem of gun and bomb threats needs to be recognized and dealt with in a better manner. For the threats appearing at Colchester High School, the school took the following actions. For the bomb threats, school was canceled, lockers were searched, metal detectors were placed in the doors, armed police were stationed in the halls. When the gun threat happened, heightened security became an issue at the school. Everything was the same, except that the police were unarmed. An article from the Times Magazine states that in 1996, handguns were used to murder two people in New Zealand, 15 in Japan, 30 in Great Britain, 106 in Canada, 213 in Germany, and 9,390 in the United States. We have a problem, and it needs to be recognized.

The last issue I would like to present is the option of bringing together the state of Vermont. I feel we have had so much negativity in the past few months, something needs to be done. Perhaps a "Celebrate Life Week" in the state of Vermont, where there are parades, sales in stores, happenings in theaters, fireworks, and awards given out to people who have done something good in the community.

Thank you.

HONORING JUDGE FRANK M. JOHNSON, JR.

**HON. EARL F. HILLIARD**

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. HILLIARD. Mr. Speaker, we are a country of strong men united by great philosophies, yet we are divided by realities that built this country by stripping a people of their land in order to call it our own, and by enslaving another people to a lifelong labor of blood and sweat to build our homes.

Mr. Speaker, I rise today, on the brink of a new millennium, not to point out the immaculate flaws of our cherished American dream. Rather, I rise to salute, Judge Frank M. Johnson, Jr., a man who Time Magazine in 1967 deemed "one of the most important men in America" and whose life exemplifies the biblical statement "to whom much is given . . . much is required."

Judge Johnson is a man who dedicated more than four decades of his life to ensuring that no man be limited by separate facilities that inherently violate his right to life, liberty, and the pursuit of happiness. He is an American icon, a legendary Federal jurist from Alabama whose historic civil rights decisions forever shattered segregation in a "Jim Crow" South.

His monumental ruling striking down the Montgomery bus-segregation law as unconstitutional created a broad mandate for racial justice that eternally eliminated segregation in public schools and colleges, bathrooms, restaurants and other public facilities in Alabama and across the South.

Judge Johnson was an innovator and a crusader for all mankind who will be remembered eternally for giving true meaning to the word justice.

Today, I rise to honor Judge Johnson for helping to bring equality to the American Dream. I honor him for bringing justice to an inhumane system of law. I honor him like Martin Luther King, Jr., for allowing justice and righteousness to roll down like a mighty stream.

TROUP HIGH SCHOOL CHARACTER EDUCATION PROGRAM

**HON. BOB BARR**

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. BARR of Georgia. Mr. Speaker, all across America, there is a growing level of concern about a perceived culture of violence and apathy among many of our young people. In response, parents, teachers, students, and political leaders have been searching for ways to counteract these trends. I am pleased to report to the House of Representatives that one high school principal in my Congressional District is truly helping to provide a solution to this problem. That principal is Bill Parsons, and the school where he serves is Troup High School in LaGrange, Georgia.

Several years ago, Bill Parsons was working at West Point Elementary School in Troup County. At the time, he came to the realization disrespectful behavior is due, at least in part, to a lack of understanding among students about what it means to develop good character, and how having moral and courteous habits can help students lead better lives. For this reason, he instituted a character education program that resulted in a significant and immediate drop in disciplinary referrals.

Word about Principal Bill Parsons' work quickly spread, and his efforts became the model for similar character education programs across the southeast. In addition to speaking about his program across the country, Bill Parsons is now working to implement a similar program that brings parents, teachers, students, businesses, and community

leaders together to hammer home the message: character really does count.

I salute Bill Parsons for his crusade to make building good character a part of every child's education. I urge my colleagues in the Congress to look to his example, and do everything we can to support efforts such as his.

RECOGNIZING THE HMONG YOUTH FOUNDATION

**HON. GEORGE RADANOVICH**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize the Hmong Youth Foundation's Fourth Annual Summer Festival. This Festival is a successful answer in an effort to provide Hmong Youth, many of whom are challenged with language barriers, with opportunities to engage in fun, and educational activities.

The Foundation was organized to give Hmong Youth a place where students can congregate as colleagues holding common fears, hopes and goals. The primary objective is to give students opportunities to excel in academic pursuits and to award scholarships. Before awarding scholarships, a strong after school infrastructure must be developed to provide a learning center and good environment. Many of the students come from economically disadvantaged families due to the fact that a majority of Hmong adults are unable to speak English. The result is that many Hmong adults are unable to hold higher paying jobs.

Hmong youth are constantly challenged due to the difficulties of social assimilation, lost opportunities and juvenile crime temptations. The Hmong Youth Foundation seeks to give every child the opportunity to succeed and overcome negative obstacles. The Foundation pursues every avenue available through collaboration with other Hmong and Southeast refugee self-help organizations, as well as non-Asian agencies. The response has been very positive, as the Foundation does not duplicate any existing service provider's intent.

Hmong students in Fresno County have excelled in academic excellence and thus, have received many accolades. Among them are annual Hmong valedictorians in the Fresno and Clovis Unified School Districts. The Hmong Youth Foundation's intent is to help as many students as possible so that even greater success will follow.

Mr. Speaker, I rise to recognize the Hmong Youth Foundation for its service to the community. I urge my colleagues to join me in wishing the foundation many more years of continued success.

IN RECOGNITION OF THE EXPANSION OF CALPINE

**HON. DOUG OSE**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. OSE. Mr. Speaker, I rise today to join with the people of California's 3rd Congressional district to support the expansion of the

Calpine Sutter Power Plant, a long-standing business in Sutter County.

Sutter County, situated just north of Sacramento between the Sacramento and Feather Rivers, has access to three state universities, a major metropolitan airport, the State Capitol, and recreational areas of the Sierra Mountain Range. However, with double-digit unemployment, a local economy almost solely dependent on agriculture, the lack of adequate power, and the annual danger of flooding in the upper Sacramento Valley, Sutter County also faces many challenges.

Today, Sutter County is celebrating the groundbreaking of Calpine's new plant site, which will increase its property tax base by at least \$300 million. The new plant will provide clean, low-cost power for economic development, employ up to 250 construction workers for twenty months, create at least twenty new family-wage, full-time jobs, and provide significant revenues to local businesses.

Additionally, Calpine has proposed a 10-year, \$2.5 million private funding program for improving levees and storm drainage facilities in Sutter County. The funds will be distributed directly to the Sutter County Water Agency and the County Flood Control and Water Conservation District, which will have final authority over how the funds are spent.

I commend Calpine and people of Sutter County for their commitment and investment in their community through new jobs, increased tax revenue, clean, reliable, low-cost electricity, and willingness to work together toward local flood control solutions. This another example of businesses and communities working together to define a vision and successfully achieve common goals.

#### SERBS DESERVE PROTECTION IN KOSOVO

#### HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. SMITH of New Jersey. Mr. Speaker, I am outraged by the killing of 14 Serbs last Friday near the town of Gracko in Kosovo. The culprits of this crime are, in my view, prime candidates for the next indictments for crimes against humanity by the International Tribunal which is located in The Hague. I certainly hope that the efforts of KFOR, the Organization for Security and Cooperation in Europe (OSCE), and Tribunal investigators will help identify and immediately apprehend those responsible for this crime.

The killings, however, are not isolated incidents. Since NATO air strikes ended, the Serb forces have retreated, and the Kosovar refugees have begun to return to their homes, those Serb civilians who chose to remain in the region have repeatedly been subjected to violent retribution. Certainly a Kosovo which is ethnically cleansed of Serbs—and, according to reports, cleansed of Roma as well—is not the kind of Kosovo for which the international community undertook such a risky and costly intervention. Kosovo must pursue the path of rule by law not by lawlessness, and respect for and protection of basic human freedoms—including life itself.

A related disturbing trend is the attempt by leaders of the Kosovo Liberation Army—the

KLA—to fill the political vacuum created now that Serbian authorities have departed Kosovo. The KLA has yet to prove its democratic credentials; in many instances, its tactics have sent the opposite message. Mr. Speaker, before the KLA is granted any role in Kosovo's interim administration, it must prove itself. Helping to find those responsible for this latest atrocity would be a good place to start. Nationalist Kosovar Albanians can not hide behind the past victimization of their people by Milosevic and his forces, those responsible for these actions taken against Serbs and their property in Kosovo must be held accountable. Neither can they relegate responsibility for stopping these incidents to the international community alone.

The international community must make clear to all Kosovar Albanian leaders that their actions now will go a long way in determining what kind of support they will find for their own aspirations down the road. The benefits of enhanced political status for Kosovo cannot be enjoyed without also undertaking the responsibilities of democratic governance.

#### HONORING THE 75TH ANNIVERSARY OF THE UPPER MISSISSIPPI NATIONAL WILDLIFE AND FISH REFUGE

#### HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. KIND. Mr. Speaker, today I rise to pay tribute to the Upper Mississippi River National Wildlife and Fish Refuge on the occasion of its 75th Anniversary.

The Upper Mississippi River National Wildlife and Fish Refuge is very important to the heritage and environmental conservation efforts of the Midwest. The refuge's mission is to provide public benefits associated with fish, wildlife, and wild areas by reserving the Upper Mississippi flood plain ecosystem for the enjoyment and use of this and future generations. For the past 75 years the Upper Mississippi River National Wildlife and Fish Refuge has provided essential habitat for a wide variety of plants, fish, migratory birds, and other animals.

As a boy growing up on the north side of LaCrosse near the Mississippi River, I developed a special connection to the river. My fond memories of past camping trips on the river's sand bars and fishing with my friends have helped me to see first hand the importance of responsible stewardship. These childhood impressions of the river have inspired me to work to protect the Great Mississippi from environmental damage.

As one of the four co-chairmen of the Upper Mississippi River Congressional Task Force (UMRTF), I have had an opportunity to effectively address stewardship issues pertinent to the Upper Mississippi River and adjacent lands. With the help of the UMRTF, attention has successfully been focused on the importance of refugees in the Upper Mississippi River Basin and their need for funding.

In recent years, the refuges have been asked to do more and more with less and less funding. Although the refuges have received added responsibilities, funding for maintenance, habitat restoration and outreach have

all faced budget shortfalls. The Upper Mississippi Refuge currently lacks a full-time refuge manager. Although the master plan for the refuge calls for 60 staff members, only 28 staff are currently employed. With the aid of the Task Force, I am working to address this problem.

As a direct result of UMRTF efforts, the U.S. Fish and Wildlife Service will increase refuge maintenance funding for the Upper Mississippi River National Wildlife and Fish Refuge, and the Mark Twain National Wildlife Refuge by \$1 million in fiscal year 1999. In the future, the Task Force will continue to focus attention on these refuges and the key roles they fill in providing essential habitat for a wide variety of plants, fish migratory birds and other animals.

The Mississippi River is truly an environmental treasure. The Upper Mississippi refuge system plays a crucial role in protecting this national treasure so that current and future generations can enjoy the same environmental, recreational and economic benefits that we have enjoyed in the past.

#### A TRIBUTE TO THE NATIONAL ASSOCIATION OF PEOPLE WITH AIDS (NAPWA)

#### HON. KAREN MCCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today to recognize the National Association of People with Aids (NAPWA)—the leading advocate on behalf of all people living with HIV and AIDS in order to end the pandemic and human suffering caused by HIV/AIDS.

NAPWA was founded in 1983 in Denver, Colorado, at the Second National AIDS Forum. This organization has been at the forefront of the AIDS epidemic to address the issues of equality and equal access to treatment and prevention methods regardless of race, gender, class, or sexual orientation. On Saturday, July 31, 1999, NAPWA will hold their Annual Retreat in Kansas City, Missouri, including a public forum on "AIDS Now and in the New Millennium," where a panel of leading experts, including Sandy Thurman, Director of the Office of National AIDS Policy, will discuss the latest developments in the effort to end the AIDS crisis. This forum will provide an opportunity for city, county, state, and national leaders, AIDS Service organizations, HIV infected individuals, health departments, faith communities, and medical professionals to talk about issues surrounding the AIDS epidemic and the funding that is needed to maintain quality health care services and innovative prevention strategies.

At this forum, NAPWA will welcome Roger A. Gooden—an AIDS survivor and tireless advocate for people with AIDS—as the newly elected Chairman of the Board of Directors. Mr. Gooden has a rich history of fighting for AIDS/HIV treatment and prevention, as well as for the rights of people with AIDS. He currently serves on the State of Missouri's Governor's Council on AIDS and the Board of Directors of the National Council on Alcoholism and Drug Dependence of Greater Kansas City. Recently, Mr. Gooden was honored by the Missouri Department of Health Division of Environmental Health and Communicable Disease

Prevention, Bureau of HIV/AIDS Care and Prevention Services, in recognition of his dedication and service to the State of Missouri in advocating for people living with HIV/AIDS and the prevention of the spread of HIV. Mr. Gooden was also honored by Kansas City Mayor Emanuel Cleaver and the City Council with a resolution and proclamation recognizing his election as Chairman of the Board of NAPWA and for his dedicated service and efforts in the fight against AIDS.

NAPWA is an active and effective organization, providing many services to legislators and people with AIDS/HIV. For instance, NAPWA provides Community Education, Technical Assistance, and Regional Training Workshops around the country for people with HIV, to give them the skills they need to participate in HIV prevention community planning with Ryan White CARE Act Planning Bodies. NAPWA also coordinates a diverse national network of committed public speakers through the Leadership Development Initiative. This initiative, coupled with the Youth Initiative involves outreach services where peers talk to peers about AIDS and HIV, encouraging each other to modify risk behaviors and change attitudes toward people with AIDS/HIV.

NAPWA also participates in a wide array of prevention, health promotion, and educational efforts for those infected with and at risk for HIV. NAPWA publishes several fact sheets, alerts, and reports, as well as supporting an Information and Referral Service, to provide the nation with up-to-date and accurate information about the AIDS pandemic. NAPWA also sponsors National HIV Testing Day in June of each year, to encourage early and frequent testing for HIV/AIDS, especially for those who are at higher risk.

Mr. Speaker, NAPWA's highest priority is the development of effective new treatments and a cure for HIV disease. Please join me in commending NAPWA for its tireless efforts on behalf of people with AIDS.

#### ELECTRONIC DISCLOSURES DELIVERY ACT OF 1999

### HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mrs. ROUKEMA. Mr. Speaker, millions of consumers today routinely conduct business over the Internet, buying and selling a myriad of products and services from companies large and small, near and far. Many of these consumers already conduct much of their banking business over the web, checking balances, transferring funds and paying bills without leaving their homes. This explosion of on-line banking offers great benefits on both sides of the transactions: even the tiniest small-town bank can have access to a national marketplace, while consumers can comparison shop for the best interest rates or services. Nonetheless, the delivery of many financial services over the Internet, such as loans and mortgages, are limited by antiquated laws requiring paper documents or face-to-face transactions.

That is why I am joining today with Congressmen RICK LAZIO and JAY INSLEE to introduce the Electronic Disclosures Delivery Act of 1999. This legislation is necessary if we are to

take full advantage of the current technology—and if we are to keep technology from leaping far ahead of the ability of our nation's laws to regulate it.

The Electronic Disclosures Delivery Act addresses the electronic delivery of disclosures, notices and other information over the Internet. It allows these actions to be provided electronically, but does not lessen the rights or responsibilities of any party or affect the content of any disclosure, including both the timing, format and information to be provided.

This legislation is a first step toward making on-line financial transactions practical. It would put Congress on record as committed to playing a leadership role in promoting electronic commerce while preserving and, indeed, enhancing consumer protections. Mr. LAZIO and I plan to hold hearings in our respective subcommittees to ensure that all interested parties' views are heard.

On-line disclosures will provide consumers with a number of benefits:

Convenience and time-saving—Consumers can conduct transactions virtually anywhere and at any time, 7-days-a-week, 24-hours-a-day.

User friendly information—Legalistic jargon in on-line disclosure forms can be linked to plain-English definitions, making them much more readable and understandable. Consumers can electronically search documents rather than reading through reams of paper.

Enhanced services for under-served communities—Rural and urban communities will have enhanced access to financial services, even where brick and mortar branches are not available. In areas where residents cannot afford computers, libraries and schools provide on-line access.

Reduced cost—Electronic delivery of disclosures will cost less than providing the same information on paper or paying employees to handle face-to-face disclosures. Competition should encourage business to pass on those savings to consumers.

Congressional guidance on electronic disclosures is needed immediately, given that most of the consumer protection laws now on the books were enacted before the Internet became popular. Congress should provide uniform standards so that disclosures will be delivered to consumers under the same set of rules by all financial service providers.

Some regulators, notably the Federal Reserve, have begun to address these issues. But others have not, as in the case of the Department of Housing and Urban Development with respect to the Real Estate Settlement Procedures Act. Congressional action would provide uniformity and clarity among the agencies and provide guidance from the only body with the authority to amend the laws in question.

In sponsoring this legislation, we want to make clear that we do not intend to discourage the Federal Reserve from moving ahead. Instead, we want to encourage other agencies to follow the Fed's example. If anything, we hope the pace of regulatory activity in this area will be stimulated by congressional interest and action.

Congress and the regulators must play a leadership role in updating many of the consumer protection laws to reflect new technologies and establish a coherent legislative framework for the delivery of financial services through electronic commerce. With the intro-

duction of this legislation, we can begin the debate that set us on the path to enacting responsible legislation that will enhance consumer access to financial services while maintaining appropriate consumer protections.

#### SUMMARY OF THE ELECTRONIC DISCLOSURES DELIVERY ACT OF 1999

The "Electronic Disclosures Delivery Act of 1999" (the Act) amends the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, the Truth in Savings Act and the Consumer Leasing Act to provide for the electronic delivery of disclosures, notices, and any other information that is required to be given to consumers under these acts. The legislation provides that acknowledgments given in connection with disclosures or notices may also be provided electronically.

Creditors may rely upon the use of electronic communications or acknowledgments to satisfy requirements for delivery of disclosures, notices and other information through electronic communications provided that the consumer:

Expressly consents to online disclosures and/or acknowledgments and does so electronically; receives a description of the type of information to be provided electronically; receives an explanation of how to access and retain the online disclosures, including consideration of the consumer's ability to print or download such disclosures; and receives a notice of the period of time that the information will be available to the consumer in electronic form.

The legislation provides the appropriate regulator with the authority to prescribe regulations from time to time to clarify the procedures applicable to the delivery of electronic communications. The legislation further provides the appropriate regulator with the authority to prescribe, without affecting or impairing the legal effectiveness of the delivery of any electronic communication provided for in the Act, procedures which provide consumers with the option to request paper copies of any such communications if it finds that such procedures are necessary and appropriate to supplement electronic communications. The legislation would be effective upon date of enactment.

The legislation addresses only electronic delivery of information to consumers. It does not affect the substantive rights and responsibilities of any party or the content of any disclosure, including both the timing and format of disclosures and the information to be provided.

#### RECOGNIZING THE PLIGHT OF HOME HEALTH CARE AGENCIES

### HON. J.C. WATTS, JR.

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 27, 1999*

Mr. WATTS of Oklahoma. Mr. Speaker, there is a growing concern over the devastating situation that is plaguing Home Health Care Agencies in this country.

Today I am introducing the Medicare Home Health Services Equity Act of 1999 to provide greater equity to Medicare-certified home health agencies, and to ensure access to Medicare beneficiaries to medically necessary home health services furnished in an efficient manner under the Medicare Program.

Quality, efficient home health care agencies are suffering under the punitive Interim Payment System and are going out of business.

The per beneficiary limits imposed on home health agencies do not, for a great number of agencies, accurately reflect the costs necessarily incurred in the efficient delivery of needed home health services to beneficiaries.

The amount of reductions in reimbursement for home health services furnished under the Medicare program significantly exceeds the amount of reduction in reimbursement for any other service furnished under the Medicare program. This comes at a time when the need for home health services by the Nation's elderly citizens is growing.

Although this is a nation-wide problem, the impact on my home state of Oklahoma has been disproportionately high. In Oklahoma alone, 198 of the 381 licensed home health care agencies have been forced to close their doors, of which 146 were Medicare certified.

Surviving home health agencies which have managed to stay in business have curtailed their medical services due to financial constraints. As a result of this terrible tragedy, the sickest, most frail Medicare beneficiaries are being deprived access to medically necessary home health services. Thousands of elderly and disabled Americans are not receiving the type of quality care at home that they so much need and deserve.

In our efforts to end fraud and abuse, we must make certain that the benefits and much needed services of home health agencies are not lost. Home health care is the least expensive, most cost efficient provider of medical services for Medicare beneficiaries and must be preserved.

For that reason, I am introducing the Medicare Home Health Services Equity Act of 1999. It is critically important that we address this crisis promptly and pass this vital legislation.

#### ASSESSING HMO CURBS

### HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. BEREUTER. Mr. Speaker, this Member highly commends to his colleagues the following portions of an editorial "Assessing HMO Curbs," which appeared in the July 21, 1999, edition of the Omaha World-Herald.

[From the Omaha World-Herald, July 21, 1999]

#### ASSESSING HMO CURBS

A lot of hot air accompanies the debate over whether Congress ought to provide a "bill of rights" for people who obtain their health care from health maintenance organizations.

But one thing is reasonably clear. The debate so far has been less about health care than it has been about campaigning for election in 2000.

Democrats want to go into the election season with an excuse to portray Republican candidates as indifferent to the suffering of sick and injured people. The theme is part of a blue-print for restoring Democratic Party control of Congress.

Michael M. Weinstein, in The New York Times, took a calm look at the situation for his readers Sunday. "The debate consisted largely of name-calling," he said, with Vice President Al Gore and House Democratic Leader Richard Gephardt calling the GOP plan a charade and a fraud, respectively, and

GOP Sen. Phil Gramm of Texas accusing the Democrats of wanting to destroy HMOs by mandating expensive coverage that would drive costs into the stratosphere.

"But the partisanship obscures an important truth," Weinstein wrote. "The substantive differences are narrower than they seem. Removed from the context of election-year politics, combatants on both sides concede they could find ways to give Americans protection from health-care plans that wrongly skimp on coverage."

Republicans, said Weinstein, know that their bill would never get past President Clinton. They like the bill because it will help them wring campaign contributions out of HMOs and insurance companies.

Democrats, the Times writer said, privately concede that their bill overreaches. But it will make them even more popular with their generous long-time allies, the members of the Trial Attorneys Association. The Democratic bill would repeal a ban on lawsuits against HMOs, furthering the attorneys' goal of expanding the field for punitive damages.

Weinstein identifies four issues that he says should be relatively easy to compromise: A method by which patients and their physicians can appeal to medical authorities the denial of reimbursement by an HMO; a definition of medical necessity; a modified right to sue for denial of service; and the question of whether the legislation would cover 160 million patients in state-regulated health plans as well as the 50 million in employer-sponsored plans not covered by state regulations.

Political partisanship is not an evil thing. Americans have been well-served by the clash of ideas between two political parties with different philosophical approaches to government. It is part of the system of checks and balances.

However, there are some things that should be obvious to members of both parties.

Patients and their physicians tend to over-use health care, driving up the cost. Sometimes they have no other choice. The Wall Street Journal reported yesterday that visits to emergency rooms, one of the most expensive forms of treatment, are up in some places where HMO treatment is not available at nights and on weekends. Some HMOs want the right to decline reimbursement for emergency room treatment. Is that reasonable? In a case of medical necessity, of course it is not.

HMOs, in attempting to drive the cost back down, have sometimes gone too far in denying care. Although determining the extent of the problem is difficult, it has caused physicians to recoil in horror at the damage done to patients who were sent home from a hospital prematurely or in other ways denied treatment.

Mandated coverage, such as a patient bill of rights, drives up costs, which are typically passed on to the buyers of the health-care coverage—the same businesses and patient groups that turned to HMOs to keep costs down. Policy-makers must not avoid the question of what would happen if costs were raised so high that more people, because of unaffordability, became uninsured. What would be the logic behind that?

The question is how to preserve the benefits of cost-cutting while minimizing its potential to hurt people. Reasonable people, including a handful of moderate Republicans, seem to be saying that a rational way exists to make the system more humane without sacrificing cost-control.

#### INTRODUCTION OF PATIENT ABUSE PREVENTION ACT OF 1999

### HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. STARK. Mr. Speaker, I am pleased to introduce the "Patient Abuse Prevention Act of 1999", which is being simultaneously introduced in the Senate by Senator HERBERT KOHL (D-Wis.). This bill is designed to ensure that all prospective employees in long-term care facilities undergo criminal background checks. The bill is similar to a proposal in the Administration's budget, also establishing a national registry of individuals with histories of patient abuse by utilizing data from existing state registries. The goal of the new national registry is to prevent workers with a history of abuse from being hired to provide care for the frail elderly.

Previous legislation enacted in 1998 permits—but does not require—nursing homes, skilled nursing facilities and home health agencies to conduct criminal background checks on applicants. This bill takes the next logical step by requiring that all long-term care facilities screen all applicants for employment. The bill is enthusiastically supported by the Secretary of Health and Human Services and the National Citizens' Coalition for Nursing Home Reform. Secretary Shalala believes that this is "the toughest set of requirements ever proposed for long-term care workers." Both letters of endorsement are attached at the conclusion of this statement.

In order to overcome industry resistance to this needed change, this bill allows long-term care facilities to include such costs on their reports submitted to the federal government for reimbursement purposes.

It is clear from several General Accounting Office analyses and hundreds of media reports that in order to improve the quality of care provided in long-term care facilities and decrease fraud and abuse, the federal government must take a more active role in making certain that those who are hired to care for seniors are fully qualified to do so. Thus, in addition to the background check requirements, the bill imposes significant civil monetary penalties upon providers who hire workers who do not pass background checks.

We have all heard the horror stories about convicted violent offenders obtaining jobs in long-term care facilities. Such occurrences are intolerable. This bill is an important step in guaranteeing the safety of our seniors who receive long-term care. I look forward to working with my colleagues in the House and Senate to pass this important quality improvement for Medicare and Medicaid patients.

THE SECRETARY OF HEALTH AND HUMAN SERVICES,

Washington, DC, July 21, 1999.

Hon. HERBERT H. KOHL,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR KOHL: I want to commend you and Senator Reid for your leadership on the vitally important matter of assuring that our most vulnerable frail and sick elderly and disabled Medicare and Medicaid beneficiaries are protected from people with violent criminal backgrounds or a history of abuse. We in HHS appreciate working with you and your staffs to help ensure that seniors and persons with disabilities receive the safe, high quality care they deserve.

Your "Patient Abuse Prevention Act" will require nursing homes and other long term care providers to initiate background checks of prospective workers. We have a few issues with the bill that we would like to continue to work with you to address. We recognize, however, that this set of requirements is the toughest ever proposed for long term care workers. It builds on earlier proposals by the current bill's sponsors and is similar in a number of respects to proposals made by the President last year. For the many competent, caring, professionals and facilities who provide safe, quality long term care, it sends a message that we respect and value their high standards and want to find new workers who will live up to them as well. However, for criminals and those with a history of abusing or neglecting those dependent on their care, and for those who may have allowed such individuals access to vulnerable beneficiaries, it says in a clear and unmistakable way that you will not find a job in long term care paid for by Medicare or Medicaid because we will not tolerate it.

As President Clinton said when he called for such an approach, "When families have to worry as much about a loved one in a nursing home as one living alone, then we are failing our parents and we must do more." This bill does do more. We applaud your efforts and look forward to continuing to work with you on this bill to improve the safety of sick and frail elderly and disabled people.

Sincerely,

DONNA E. SHALALA.

NATIONAL CITIZENS' COALITION FOR  
NURSING HOME REFORM,  
Washington, DC, July 27, 1999.

Hon. FORTNEY STARK,  
U.S. House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE STARK: The National Citizens' Coalition for Nursing Home Reform (NCCNHR) commends you and your staff for your initiative in seeking to improve care and conditions in long-term care facilities. NCCNHR is a non-profit consumer organization whose mission is to improve the quality of care and life for long term care residents. Our organization represents residents and their advocates. We work closely with the nation's long-term care ombudsmen and house the National Long Term Care Omnibus Resource Center.

We strongly support your proposed legislation cited as the Patient Abuse Prevention Act, which would require criminal background checks for nursing home workers. This legislation would provide residents protection from individuals with a history of committing crimes against residents. It would also create a much needed National Registry for long-term care employees with a history of abuse, to be used by nursing homes hiring employees for their facilities.

In particular, NCCNHR applauds your revisions to last year's bill, the "Long-Term Care Patient Protection Act of 1998" to include (1) a requirement that criminal background checks of employees will be conducted in all facilities (including specifically, nursing homes, home health, and hospices); (2) that applicants may not be charged for costs of the checks; (3) that applicants who challenge the accuracy of the background check will also be able to appeal the decision and (4) that there is no longer a prohibition on Medicare and Medicaid reimbursement for the costs of conducting background checks.

We strongly urge, however, that the legislation also expand its language to provide criminal background checks on all long-term care workers and not just employees who have direct access to residents. Considering

the vulnerability of long-term care residents, criminal background checks should be conducted on all workers, including contract workers, in all health care settings, including home care, and assisted living.

Again, NCCNHR congratulates you, Representative Stark, on your persistence and foresight. If you need further information, contact me or Ana Rivas-Beck, J.D., Law and Policy Specialist.

Sincerely,

SARAH GREENE BURGER,  
Executive Director.

## RELIEF FROM INTEREST AND PENALTIES ON FERC REFUNDS

### HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. MOORE. Mr. Speaker, on July 29, the House Commerce Subcommittee on Energy and Power has scheduled a hearing on H.R. 1117, legislation introduced by my colleague from Kansas, JERRY MORAN, and cosponsored by the entire Kansas House delegation.

This legislation would provide relief from unfair interest and penalties on refunds retroactively ordered by the Federal Energy Regulatory Commission. For two decades, FERC allowed gas producers to obtain reimbursement for payment of the Kansas ad valorem tax on natural gas. In a series of orders, FERC repeatedly reaffirmed the rights of gas producers to collect the ad valorem tax, rebuking various challenges to this practice. In 1993, however, FERC reversed 19 years of precedent and ruled that the ad valorem tax had not been eligible for reimbursement. FERC has since ordered all producers operating during a 5-year period in the 1980's to refund both principal and interest associated with reimbursement of the ad valorem tax.

With this legislation hopefully headed toward consideration by the full House of Representatives. I am taking this opportunity to place in the RECORD a letter recently sent by Kansas Senate Democratic Leader Anthony Hensley to House Commerce Committee Ranking Democrat JOHN DINGELL, concerning the legislative history of ad valorem and severance taxes in Kansas. This background will be very helpful to our colleagues as they review this issue in the weeks ahead.

STATE OF KANSAS,

OFFICE OF DEMOCRATIC LEADER,

Topeka, KS, June 18, 1999.

Re: Kansas Ad Valorem Tax refund detrimental  
reliance on federal law.

Hon. JOHN D. DINGELL,  
House of Representatives, Committee on Commerce,  
Rayburn House Office Building,  
Washington, DC.

DEAR CONGRESSMAN DINGELL: On June 8, 1999, the House Energy and Power Subcommittee held a hearing on the Kansas Ad Valorem Tax refund issue. This issue is extremely important to the State of Kansas and one of our most important industries, the production of oil and gas. As a 23-year veteran of the Kansas Legislature and as the Minority Leader of the Kansas Senate, I am writing to request your support of Congressman Jerry Moran's legislation to alleviate what I believe is a serious miscarriage of justice.

I was a member of the Kansas Legislature in 1983 when Governor John Carlin promoted

and obtained passage of a severance tax on oil and gas. Prior to 1983, Kansas did not have a severance tax, only an ad valorem tax. At that time, the ad valorem tax took approximately 3.1% of the value of production and was revenue used by counties and local school districts. Oklahoma and Texas, on the other hand, had severance taxes in place for many years equal to 7.085% to 7.5% of the value of gas production. Wyoming had in place a 4% severance tax on oil and gas "in addition to" a 6.5% property tax on oil and gas for a total tax burden of 10.5%. Likewise, Colorado had a severance tax on gas ranging from 2%-5% "in addition to" a 5.4% property tax, for a total tax burden of 7.4% to 10.4%.

As you know, federal law allowed purchasers to add all of these taxes on to the Federal Power Commission's (FPC) maximum lawful price when purchasing gas. In Wyoming and Colorado, both a severance tax and a property tax were permitted to be added to the maximum lawful price. Texas had both a severance tax and a property tax, however, because of the way its property tax was structured, it was allowed to add on only the 7.5% severance tax to the FPC maximum lawful price. The Kansas Attorney General requested clarification from the FPC to determine whether Kansas' ad valorem tax could lawfully be added to the FPC maximum lawful price. In 1974, Opinion 699-D clarified this issue and did allow the Kansas ad valorem tax as a lawful addition to the price.

In 1981, the State of Kansas needed additional funding for education, roads and infrastructure, and Governor Carlin began studying the potential for a severance tax. One of our state's most valuable natural resources was being depleted and consumed out of state, pipelines were strewn across Kansas, drilling equipment was taking its toll on Kansas roads and infrastructure, and little benefit was being derived by Kansas government. The price of gas at the wellhead, sold in interstate commerce, was being controlled by the federal government at prices far below fair market value, resulting in the transfer of enormous wealth from Kansas to out of state consumers. Texas, Oklahoma, Colorado, Wyoming and other states were collecting taxes on oil and gas at over twice the Kansas tax rate.

Governor Carlin proposed a severance tax which, when added to the existing ad valorem tax, would be comparable to the taxes on oil and gas production collected in other producing states. The legislature studied various severance tax proposals for three years. Oil and gas severance and property tax in neighboring states were studied carefully. A comparative chart used by the Senate Tax Committee is passing the severance tax is enclosed with the attached Memo of Severance and Property Taxes prepared by the Kansas Legislative Research Department during the 1981 severance tax debate.

One of the issues raised during legislative debate was whether both a severance tax and an ad valorem tax on gas could be added to the maximum lawful price of gas as established by the Federal Energy Regulatory Commission (FERC). We were advised that this was allowed in Wyoming, Colorado and other producing states, and that FPC Opinions 699-D allowed the pass through of the Kansas ad valorem tax. This Opinion had been specifically requested by the Kansas Attorney General and the Kansas Legislature relied on Opinion 699-D without further question.

Finally, in 1983, the Kansas Legislature passed a severance tax "in addition to" the existing ad valorem tax. A credit against the severance tax for ad valorem taxes paid was added to the bill resulting in a 7% severance tax on gas and a 4.33% tax on oil. Clearly,

tax policy for our state was based on the Legislature's reliance on FPC Opinion 699-D. Were it not for our reliance on Opinion 699-D, the severance tax would not have passed without amending our state's ad valorem tax to conform to federal requirements for pass through of both the severance and ad valorem taxes as was done in Wyoming and Colorado.

When Kansas passed the severance tax in 1983, Northern Natural Gas Company asked the FERC to reconsider its Opinion 699-D to prohibit Kansas producers from passing through both a severance tax and a property tax. They were denied twice by the FERC. In 1988, Colorado Interstate Gas Company appealed the FERC decision to the Washington, D.C., Circuit Court of Appeals. I am sure you are familiar with the whole scenario that has followed. Nineteen years after Opinion 699-D was issued, the FERC, with incentive from the Washington, D.C., Court in the Colorado Interstate Case, reversed itself. Later the court would require retroactive refunds to 1983 based on notice of hearings published in the federal register. Now, because the Kansas Legislature relied on Opinion 699-D to pass a severance tax without adjusting the methodology by which the Kansas ad valorem wax was calculated, many Kansas independent oil and gas producers are devastated.

What could the Kansas Legislature have done further to determine the reliability of Opinion 699-D? Should we have asked for a second ruling on the same issue? Would that have allowed Kansas to rely on the Opinion? Would three, four or five opinions have allowed Kansas to rely on the ruling? Was there someone the State could have sued to get final determination that we could rely on before we passed the severance tax? How can a state ever rely on a federal regulatory ruling if a court can in the future retroactively change the law and require innocent victims who complied with the law to refund large sums of money with interest?

Certainly Kansas producers have done their part to provide consumers with an abundant supply of clean, cheap fuel. But why are consumers up in arms? In 1998, the price of natural gas paid to producers at the wellhead in Kansas averaged less than \$1.96 per mcf. The price of natural gas at the residential burner tip, however, averaged \$6.82 in the U.S.A., with prices ranging from less than \$5 to over \$12 per mcf from time to time. Since FERC Order 636 passed, the price of natural gas paid to producers at the wellhead has gone down while the price of natural gas paid by residential consumers has gone up. The middlemen's share of the residential consumer's dollar has increased from 59% to 73% while the producer's share has decreased from 41% to 27%. Both producers and consumers are losers in this environment while the giant interstate pipelines and local distribution companies have seen profits rise dramatically.

Now, I understand, the primary beneficiaries of deregulation—the interstate pipelines and local distribution companies—are before the Energy and Power Subcommittee in the name of consumer protection. How much of the refund will ultimately reach the consumer is undetermined at this time, but I am advised that any residential consumer likely will receive no more than \$15 over a period of time. However, the total of these de minimis refunds, and what is not passed through to the consumer, equals the estimated drilling and exploration budget for all of Kansas for the next three and one-half years.

As Democrats, we need to stand up for what is right and fair in America. Consumer protection is an enormously powerful political force but honest, hardworking producers deserve no less. Kansas producers were per-

haps the only innocent parties in this entire scenario, caught between consuming states whose people believe they have a right to cheap fuel, and the governments of producing states who believe they have a right to tax oil and gas producers into oblivion.

This is not a consumer protection issue. I do not believe that consumers in Kansas, Missouri, Colorado, Michigan or any other state will benefit in any way from this restorative reversal of law by the Federal Energy Regulatory Commission. A minuscule refund to a long lost consumer cannot offset the losses which will result from the destruction of honest, hardworking, productive citizens. Exploration in Kansas is almost totally dependent on small independent operators who provide an invaluable resource to consumers across this country. The destruction of this vital Kansas industry is not in anyone's best interest. I strongly urge you to support Congressman Moran's legislation to eliminate this serious injustice.

Sincerely,

ANTHONY HENSLEY,  
Kansas Senate Minority Leader.

On Or After January 1, 1973, And New Dedications Of Natural Gas To Interstate Commerce On Or After January 1, 1973, Opinion No. 699-D

DECLARATORY ORDER ON PETITION FOR CLARIFICATION (ISSUED OCTOBER 9, 1974)

Before Commissioners: John N. Nassikas, Chairman; Albert B. Brooke, Jr., Rush Moody, Jr., William L. Springer, and Don S. Smith.

The State Corporation Commission of the State of Kansas (Kansas) on August 29, 1974, filed a request for clarification of Opinion No. 699 concerning the right of producers making jurisdictional sales in Kansas covered by that opinion to adjust upward the national rate prescribed therein by the amount of the Kansas ad valorem tax.

Opinion No. 699 provides in Ordering Paragraph A(3) (mimeo p. 141) that the national rate established there "shall be adjusted upward for all State or Federal production, severance, or similar taxes \* \* \*". The question presented is whether the Kansas ad valorem tax is a similar tax within the meaning of the above provision. A number of other states also have an ad valorem tax, and our determination here will not be limited to the Kansas ad valorem tax, but will apply to ad valorem taxes in general.

As Kansas points out, the bulk of the Kansas ad valorem tax is based upon production factors, and, as such, is in fact, a severance or production tax merely bearing the title "ad valorem tax". The ad valorem tax in some other states is also similar to a production or severance tax inasmuch as it is based on the amount of production and the revenues therefrom. Consequently, we conclude that it is proper under Opinion No. 699 for producers to adjust the national rate upward for a state ad valorem tax where such tax is based on production factors.

SEVERANCE AND PROPERTY TAXES ON OIL AND GAS

#### Background

This memorandum presents an overview of the severance taxes and property taxes levied on oil and gas properties in the major producing states and the states surrounding Kansas. A summary of the severance tax rates and property taxes in such states is contained in Table 1.

Severance Taxes. A severance tax is a tax imposed on the production, or the "severing," of a mineral from the earth. The production of the mineral may be measured either by the value or the volume of the mineral produced. Among states basing a sever-

ance tax on the value of production, some tax the gross value of production, while others tax a net value figure, allowing deductions for expenses such as transportation costs, federal or state royalties, losses from evaporation or uneconomic production, and disposal of useless byproducts such as salt water. The rate of severance taxes based on value may be a fixed percentage of value or may be graduated to apply lower rates to low-income or low-production wells.

The rationale usually presented for imposing a severance tax is that the state should be compensated for the irretrievable loss of a nonrenewable resource and for the cost to the state's residents resulting from the development of that resource. States which have imposed severance taxes have used those tax receipts for various purposes, including school finance, property tax relief, highway finance, creation of trust funds, and distribution to local governmental units.

A severance tax may be either "in lieu of" or "in addition to" property taxes on oil or gas properties. An "in lieu of" severance tax exempts oil and gas properties from the general property tax.

Property Taxes. Taxes on real and personal property have traditionally been a major source of funding for the activities carried on by state and local governments. Applying a property tax to oil and gas properties typically involves determining the value of minerals in the ground and the value of the production equipment. States imposing property taxes have usually chosen one of three methods to value the minerals: value of production; formula valuation; or token assessment.

Annual production assessment applies the property tax levy to the value of production, which might be either gross or net value.

Formula valuation attempts to value reserves by estimating the average life of a well, rate of discount, and the estimated value of future production.

Token assessment would apply the property tax to a minimal amount of value, either per acre of lease or per well.

#### National Summary

Severance taxes on oil and gas have been enacted in 27 states, including states such as Kansas which have enacted relatively minor severance taxes based on the volume of production for regulatory, rather than revenue, purposes. Seventeen of those 27 states have enacted "significant" severance taxes—a tax at the rate of 2 percent or more of value. Six of the 17 states with significant severance taxes impose their tax in lieu of the property tax.

#### Kansas

Oil and gas leaseholds, including royalty interests and equipment used in production, are assessed as tangible personal property in Kansas. Guides for assessing oil and gas properties have been prescribed by the Director of Property Valuation, Department of Revenue, for use by county appraisers. After appraised values are determined, the properties are assessed at 30 percent of such values and are subject to the total general property tax rate according to the situs of the property.

According to Table 3, prepared by the Department of Revenue, Division of Property Valuation, oil and gas properties paid almost \$95 million in property taxes in 1980, up from \$60.5 million in 1979.

According to the Kansas Geological Survey, oil and gas production in Kansas for the last two years was as follows:

	Unit	1979		1980	
		Quantity	Value \$(1,000)	Quantity	Value \$(1,000)
Oil .....	1,000 barrels .....	56,995	\$1,245,015	60,140	\$2,049,581
Gas .....	million cubic feet (m.m.c.f.) .....	804,535	548,693	772,998	643,134
Natural Gas Liquids .....	1,000 barrels .....	33,888	292,791 \$2,086,499	34,000	352,512 \$3,045,227

Thus, using the above oil and gas property tax figures, property taxes statewide averaged 3.1 percent of value and 2.9 percent of value in 1980 and 1979, respectively. Of course, the ratio of property taxes to value varies from lease to lease and county to county.

The biggest factor in the increase in property taxes between 1979 and 1980 was the increase in the price of oil. The calculation of the value of the gross reserves of oil is the most important step in valuing the oil lease. This value is calculated by multiplying the total annualized production for the previous year times a net price figure times a present worth factor. In the 1979 Oil and Gas Appraisal Guide, the highest price of stripper oil was \$16.10; in 1980, this same oil sold for approximately \$38, and the net price figure used in the 1980 Guide was \$31.56. These price figures reflect actual selling prices of oil and the world-wide increases in prices. The 1981 net price figures are not yet available.

Equipment values shown in the 1980 Guide were also higher than those in the 1979 Guide. This increase was due to the fact that the equipment values had not been updated for several years and reflected the increase in the value of equipment that has accompanied the increase in the price of oil. The number of years of income considered was raised from five to eight years; this also raised the valuation of the property.

Several changes reflected in the 1980 Guide would have had the effect of lowering values. These changes were raising the discount factor and changing the low production credit. The discount factor reflects the present value of money to be received at a specified time in the future. The low production credit is a reduction for wells with very low production levels.

Changes in the 1981 Guide include accounting for differences in production quality and expenses between eastern and western Kansas wells. One such difference is that the 1981 Guide will consider a 5 year income for the shallow eastern Kansas wells, while an 8 year income will be used for the deeper western Kansas wells.

In addition to the property tax, oil and gas producers, like other businesses, also pay sales and income taxes. Oil and gas producers also pay taxes or fees for antipollution and conservation activities of the state. The oil and gas production tax, for pollution control, is levied at the rate of \$.001 per barrel for each barrel of oil and \$.00005 for each one thousand cubic feet of gas produced. The conservation assessment is \$.003 per barrel of oil and \$.0008 for each one thousand cubic feet of gas.

The Federal Energy Regulatory Commission has ruled that the Kansas property tax is essentially based on production and has allowed this tax to be "passed-on" to consumers. More than one production tax on natural gas (the only type of energy production whose price is still controlled) may be passed on. Both the property tax and the two regulatory taxes in Kansas are currently being passed on. Other states and the F.E.R.C. have also reported that natural gas producers are able to pass-on more than one production tax, as long as intrastate and interstate sales of natural gas are taxed equally.

A severance tax, if enacted in Kansas, would have an impact on oil and gas property tax appraisals by lowering net prices figures used in the Guide. The Guide uses the price actually paid to the producer on January 1 of the assessment year less state and federal wellhead taxes levied on value or volumes produced, and less applicable transportation charges. Thus, the federal Crude Oil Windfall Profit Tax (WPT) was deducted from the sales price of oil. (Appended to this memorandum is a summary of the Windfall Profit Tax.) An 8 percent severance tax could lower the net price figure per barrel for oil from \$31.70 to \$29.16, as follows:

Current sales price—1 barrel of oil .....	\$38.00
Base price for WPT .....	- 17.00
Windfall profit for WPT .....	21.00
WPT rate for independents on stripper oil .....	×30%
WPT liability .....	6.30
Current sales price—1 barrel of oil .....	\$38.00
WPT liability .....	- 6.30
Net price with WPT .....	\$31.70
Windfall profit for WPT .....	\$21.00
WPT severance tax adjustment (8%) .....	- 1.68
Net windfall profit .....	19.32
WPT rate for independents on stripper oil .....	×30%
WPT liability .....	5.80
Current sales price—1 barrel of oil .....	\$38.00
Severance tax .....	×8%
Severance tax liability .....	\$3.04
WPT liability .....	\$5.80
Severance tax liability .....	+3.04
WPT and severance tax liability .....	\$8.84

Current sales price—1 barrel of oil .....	\$38.00
WPT and severance tax liability .....	- 8.84
Net price with WPT and 8% severance tax .....	\$29.16

The Legislative Research Department is not yet able to estimate the effect of a severance tax on property tax appraisals. A reduction in the net price figures does not necessarily mean that assessed valuations of oil and gas properties will fall—but it does at least mean that such valuations would not be as high as they otherwise might be if no severance tax were enacted. Decontrol of all oil prices, and rising prices for oil and gas are some factors that could lead to increases on oil and gas valuations, even if a severance tax were enacted.

At least two opinions of former Kansas Attorneys General have stated that either an "in addition to" or "in lieu of" severance tax could be constitutionally enacted in Kansas. Article 11, Section 1, of the Kansas Constitution specifically authorizes the legislature to classify "mineral products" for purposes of taxation. In an opinion dated September 13, 1954, the Attorney General concluded: "... it is our opinion that a gross production or severance tax would probably be constitutional if levied to the exclusion of property taxes or if levied in addition to property taxes on mineral products. We do not believe that a provision exempting the equipment and other property used in production would be constitutional."

The above opinion was confirmed in another opinion, dated June 5, 1969: "We have studied the (1954) opinion and agree with his conclusion stated therein. We are unable to find any recent case which would alter that conclusion. However, we would again emphasize that a severance tax act could not exempt the equipment and other property used in the production of oil and gas from ad valorem taxes."

A 1 percent severance tax on oil gas production was enacted on the last day of the 1957 Session. This tax was an "in addition to" severance tax. During the first six months after enactment, over \$2 million was collected. This tax was held to be invalid by the Kansas Supreme Court, however, in the case State, ex. rel. v. Kirchner, 182 Kan. 437 (1958). The Court held that the bill enacting the tax was unconstitutional because the subject of the act was not clearly expressed in its title.

OIL AND GAS SEVERANCE AND PROPERTY TAXES IN MAJOR PRODUCING AND NEIGHBORING STATES

State	Severance taxes (not including regulatory taxes)				1980 property tax as estimated percentage of value of production
	Oil severance tax rate	Severance tax in lieu of property tax	Exemptions or lower rates	Other minerals taxed	
Alaska .....	12.25% .....	No .....	No .....	Gas-10% .....	NA
California .....	.....	No .....	No .....	.....	3.8% (includes equipment).
Colorado .....	2%-5% .....	No .....	Yes <sup>1</sup> .....	Gas-2%-5%; Coal-60 cents per ton, indexed to price; oil shale-4%; metallic minerals.	5.4% (percentage does not include tax on equipment).
Kansas .....	.....	.....	.....	.....	3.1% (includes equipment).
Louisiana .....	12.5% .....	Yes .....	Yes <sup>2</sup> .....	Gas-7 cents per m.c.f.; coal-10 cents per ton; gravel; marble; ores; salt; sand; shells; stone; sulphur; timber.	.....
Mississippi .....	6.0% .....	Yes .....	No .....	Gas-6%; salt .....	.....
Nebraska .....	2% .....	No .....	No .....	Gas-2% .....	NA
New Mexico .....	3.75% plus privilege tax of 2.55% .....	No .....	Yes <sup>3</sup> .....	Gas-11.1 cents per m.c.f. (includes surtax tied to C.P.I.) plus privilege tax of 2.55% of value; Coal-\$57 per ton plus surtax tied to C.P.I.; Uranium; other minerals.	1.6% (includes equipment).

OIL AND GAS SEVERANCE AND PROPERTY TAXES IN MAJOR PRODUCING AND NEIGHBORING STATES—Continued

State	Severance taxes (not including regulatory taxes)				1980 property tax as estimated percentage of value of production
	Oil severance tax rate	Severance tax in lieu of property tax	Exemptions or lower rates	Other minerals taxed	
North Dakota	5% plus 6.5% oil extraction tax	Yes	Yes <sup>4</sup>	Gas-5%; coal-85 cents per ton; indexed for inflation	
Oklahoma	7.085%	Yes	No <sup>5</sup>	Gas-7.085%; asphalt; lead; zinc; jack; gold; silver; or other ores	
South Dakota	4.5%	No <sup>6</sup>	No	Gas-4.5%; coal-4.5%	NA
Texas	4.6%	No	No	Gas-7.5%; sulphur; cement	2.0% (percentage does not include tax on equipment)
Wyoming	4.0%	No	Yes <sup>7</sup>	Gas-4%; Coal-10.5%; Uranium; Trona; Oil shale-2%	6.5% (percentage does not include tax on equipment)

<sup>1</sup> Tax on oil and gas is based on "gross income," defined as market value at wellhead or the value of the severer's income as computed for Colorado and federal income tax depletion purposes, whichever is higher.

Gross income and rate of tax:

Under \$25,000: 2%;  
 \$25,000 and under \$100,000: 3%;  
 \$100,000 and under \$300,000: 4%;  
 \$300,000 and over: 5%.

Stripper oil wells (less than 10 barrels per day) are exempt. A credit is allowed for 87.5 percent of all property taxes paid during the tax year, excluding property taxes upon equipment and facilities.

<sup>2</sup> Oil: Wells incapable of producing more than 25 barrels of oil per day which also produce at least 50 percent salt water per day, 6¼ percent; wells incapable of producing more than 10 barrels of oil per day, 3½ percent; natural gas liquids, 10 percent; gas at 15.025 pounds per square inch pressure, 7 cents per m.c.f.; gas from oil well at 50 pounds per square inch pressure: 3 cents; gas from well incapable of producing average of 250,000 cubic feet per day, 1.3 cents. Working interest owners in an oil or gas well that discover a new field are exempt from 50 percent of all severance taxes for the first 24-months, up to a certain amount.

<sup>3</sup> A severance tax credit is allowed if a contract entered into by producer prior to 1-1-77 or a federal regulation does not allow the producer to obtain reimbursement from the purchaser for all or part of the increased severance tax (rates were revised July 1, 1980). When computing the value of oil for the severance tax or the value of oil and gas for the privilege tax, a deduction is allowed for royalties paid to the United States, the state of New Mexico or any Indian or Indian tribe, as well as for the reasonable expense of trucking any product to market.

<sup>4</sup> Oil: stripper oil and a limited amount of royalty interest oil is exempt from the oil extraction tax.

<sup>5</sup> Former lower rates on low-producing oil or gas wells were repealed in 1980.

<sup>6</sup> Mineral reserves are not subject to property tax. No personal property is taxed in South Dakota, so only oil and gas equipment forming a part of realty is subject to the property tax.

<sup>7</sup> Oil: stripper oil taxed at 2 percent rate.

Source: State Tax Guide, Commerce Clearing House, and conversations with state officials.

TABLE 2.—SUMMARY OF PROPERTY TAXES IN STATES LISTED IN TABLE 1

California. Valuing oil and gas properties in California has been reported to be the "biggest problem under Proposition 13." State uses a formula valuation procedure, using 1975 values, plus 2 percent increase per year. Property tax treatment of oil and gas is currently under legislative study.

Colorado. Oil and gas assessed at 87.5 percent of the value of production; stripper at 75 percent of value. Mill levy is then applied to assessed value, averaging 62 mills in the highest producing counties. Equipment is as-

essed at 30 percent of 1973 market value, with the use of a state appraisal guide.

Kansas. Uses formula valuation for appraisal, assessed at 30 percent, then mill levy applied to assessed value.

Nebraska. Uses same basic appraisal technique at Kansas.

New Mexico. Has an ad valorem production and an ad valorem equipment tax.

South Dakota. Oil and gas reserves are not taxed. No personal property is taxed. Therefore, the property tax on oil and gas applies only to equipment forming a part of the realty.

Texas. Property currently appraised by each taxing unit. In 1982 appraisal will be done by one countrywide appraisal using a standard appraisal guide. Reserves valued on formula valuation method. Equipment valued separately as personal property.

Wyoming. Property tax on reserves is calculated by applying mill levy to full market value of production. Equipment above ground is valued at 25 percent of its 1967 replacement cost; in 1982 the base year for equipment values may be 1981 replacement cost.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, July 29, 1999 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 30

10 a.m.  
Foreign Relations  
International Operations Subcommittee  
To hold hearings on United States policy toward victims of torture. SD-419

11:30 a.m.  
Banking, Housing, and Urban Affairs  
To hold hearings on the nomination of Harry J. Bowie, of Mississippi, to be a Member of the Board of Directors of the National Consumer Cooperative Bank; the nomination of Armando Falcon, Jr., of Texas, to be Director of the Office of Federal Housing Enterprise Oversight, Department of Housing and Urban Development; the nomination of Robert Z. Lawrence, of Massachusetts, to be a Member of the Council of Economic Advisers; the nomination of Martin Baily, of Maryland, to be Chairman of the Council Economic Advisers; and the nomination of Dorian Vanessa Weaver, of Arkansas, to be a member of the Board of Directors of the Export-Import Bank. SD-538

AUGUST 3

9:30 a.m.  
Energy and Natural Resources  
To hold hearings on S. 1052, to implement further the Act (Public Law 94-241) approving the Covenant to Estab-

lish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. SD-366

Armed Services  
To hold hearings on the nomination of Charles A. Blanchard, of Arizona, to be General Counsel of the Department of the Army; and the nomination of Carol DiBattiste, of Florida, to be Under Secretary of the Air Force. SR-222

10 a.m.  
Indian Affairs  
To hold hearings on proposed legislation to provide equitable compensation to the Cheyenne River Sioux Tribe. SR-485

Environment and Public Works  
Business meeting to resume markup of S. 1090, to reauthorize and amend the Comprehensive Environmental Response, Liability, and Compensation Act of 1980. SD-406

Governmental Affairs  
Business meeting to consider pending calendar business. SD-342

2:30 p.m.  
Indian Affairs  
To hold hearings on S. 692, to prohibit Internet gambling. SR-485

AUGUST 4

8:30 a.m.  
Judiciary  
To hold hearings on the nomination of David W. Ogden, of Virginia, to be an Assistant Attorney General; and the nomination of Robert Raben, of Florida, to be an Assistant Attorney General. SD-628

9:30 a.m.  
Indian Affairs  
To hold hearings on S. 299, to elevate the position of Director of the Indian Health Service within the Department of Health and Human Services to Assistant Secretary for Indian Health; and S. 406, to amend the Indian Health Care Improvement Act to make permanent the demonstration program that allows for direct billing of medicare, medicaid, and other third party payors, and to expand the eligibility under such program to other tribes and tribal organizations; followed by a business meeting to consider pending calendar business. SR-485

10 a.m.  
Judiciary  
To hold hearings on S. 1172, to provide a patent term restoration review proce-

dures for certain drug products, focusing on proposed remedies for relief, relating to pipeline drugs. SD-628

10:30 a.m.  
Foreign Relations  
To hold hearings on S. 693, to assist in the enhancement of the security of Taiwan. SD-419

Governmental Affairs  
Oversight of Government Management, Restructuring and the District of Columbia Subcommittee  
To hold hearings on overlap and duplication in the Federal Food Safety System. SD-342

2 p.m.  
Judiciary  
Immigration Subcommittee  
To hold hearings on annual refugee consultation. SD-628

2:15 p.m.  
Energy and Natural Resources  
National Parks, Historic Preservation, and Recreation Subcommittee  
To hold oversight hearings to review the performance management process under the requirements of the Government Performance and Results Act, by the National Park Service. SD-366

Commerce, Science, and Transportation  
To hold hearings to examine fraud against seniors. SR-253

AUGUST 5

9:30 a.m.  
Banking, Housing, and Urban Affairs  
Housing and Transportation Subcommittee  
To hold oversight hearings on activities of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development. SD-538

10 a.m.  
Judiciary  
Business meeting to consider pending calendar business. SD-628

SEPTEMBER 28

9:30 a.m.  
Veterans' Affairs  
To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the American Legion. 345 Cannon Building