

exemplary service to law enforcement. His commitment to excellence has left its irreplaceable mark on the Fremont Police Department.

A TRIBUTE TO DR. STANLEY HUGH SMITH

**HON. EDOLPHUS TOWNS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 2, 2002*

Mr. TOWNS. Mr. Speaker, I rise in honor of the late Dr. Stanley Hugh Smith in recognition of his lifelong commitment to education.

Stan was born on October 23, 1925 in Trinidad, West Indies. Having been raised in Tobago, he immigrated to the U.S., where he received his undergraduate and masters degrees from Fisk University in 1949 and 1950, respectively. In 1953, Stanley Smith earned a Doctorate of Philosophy at Washington State University.

Returning to the South to begin his career, Stan first taught at Livingstone College in North Carolina, where he became Chairman of the Sociology Department. After moving to Tuskegee, Alabama to work at Tuskegee University, he was elected to the City Council of Tuskegee, making him the first African American elected in the Deep South since Reconstruction.

Stan also worked for Meharry Medical College in Nashville, Tennessee in the field of community psychiatry. He served as Dean of Fisk University and of the College of Human Resources at Southern Illinois University at Carbondale. He was also President of Shaw University in Raleigh, North Carolina.

After years of dynamic and enriching educational experiences, Stanley reestablished his career in foreign affairs and international studies, becoming the first African American Staff Director of the U.S. House of Representative's Subcommittee on International Operations of the Foreign Affairs Committee. Later, he served as Staff Director for the Subcommittee on Africa.

After retiring from the Congress, Stanley continued to play an active role in his community. In addition to serving as a consultant to the National Association for Equal Opportunity in Higher Education, he worked with several churches and young people around the Washington, D.C. area.

Stanley Smith is survived by his loving wife, Sarah; his devoted son, Stephen Hugh; and his grandson, Stephen Dysart Smith. I am proud to have known and worked with him during his tenure at Shaw University and while he was with the House Foreign Affairs Committee. As a dedicated educator and foreign policy specialist, Dr. Stanley Hugh Smith will be sorely missed.

RECOGNIZING JACLYN F. SMITH ON HER APPOINTMENT TO THE U.S. AIR FORCE ACADEMY

**HON. PAUL E. GILLMOR**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 2, 2002*

Mr. GILLMOR. Mr. Speaker, it is with great pride that I rise today to recognize my con-

stituent, Jaclyn F. Smith of Pioneer, Ohio, who recently accepted her appointment to the U.S. Air Force Academy.

Jaclyn will soon graduate from Montpelier High School. During her high school career, she has maintained a 4.0 grade point average and is ranked first in her graduating class. She is an accomplished athlete, earning varsity letters in track and cross country. And, she has clearly demonstrated her leadership ability, serving as captain of the track and cross country teams, and as Vice President of the National Honor Society.

Jaclyn Smith can be very proud of her many accomplishments. She is a credit to her family, her school, and her community. By accepting her appointment, Jaclyn is accepting a unique challenge.

The Academy is the pinnacle of leadership development for the United States Air Force. As a member of the Cadet Air Wing, she will face a most demanding academic curriculum and physical regimen. She will live, study and prepare in an environment where strong leadership thrives, individual achievement is expected, and personal integrity is demanded.

Mr. Speaker, General John W. Vessey, Jr. once wrote, "The Nation's ability to remain free and at peace depends in no small measure on whether we will continue to inspire our youth to serve."

I am confident that Jaclyn Smith has the character and ability to excel at the U.S. Air Force Academy. I ask my colleagues to join me in wishing her well as she begins her very important service to our Nation.

CONGRATULATIONS, GIRL SCOUTS OF THE USA, ON 90TH ANNIVERSARY

**HON. MARK E. SOUDER**

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 2, 2002*

Mr. SOUDER. Mr. Speaker, I would like to congratulate, somewhat belatedly, the Girl Scouts of the USA (GSUSA) on their 90th anniversary, which took place on March 12, 2002. On this special occasion, I would like to commend Girl Scout leaders and volunteers, who have devoted time and energy in preparing young girls to be our Nation's future leaders.

Throughout its ninety year history, Girl Scouting has promoted the development of leadership and character in young girls. GSUSA teaches girls to serve God and Country and help others at all times. It also encourages girls to do their best to be honest, fair, and respectful of others. With committed adults as leaders and volunteers, young women learn strong values and skills that will serve them their entire lives.

I am especially proud of the Girl Scouts of Limberlost Council, which serves six counties in Northeast Indiana. The Council has been creative and innovative in reaching out to girls in the community. It currently serves five in every nine girls across Adams, Allen, DeKalb, Huntington, Steuben, and Wells County. The Council also benefits from the cultural diversity of the area by serving one in every three African American girls, one in every four Native American girls, one in every five Asian girls, one in every five Caucasian girls, and one in every six Hispanic/Latina girls.

I am pleased with the Limberlost Council's commitment to providing young girls with enriching experiences. Again, I would like to congratulate the Girl Scouts of the USA, and especially the Limberlost Council, on their 90th anniversary.

CONGRATULATING THE CITY OF OAKLAND, CALIFORNIA ON ITS 150TH ANNIVERSARY

**HON. BARBARA LEE**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 2, 2002*

Ms. LEE. Ms. Speaker, Whereas, Oakland was incorporated on May 4, 1852; and

Whereas, the City has grown from a hamlet of 75 citizens to become California's eighth largest city and the 42nd most populous city in the United States; and

Whereas, Oakland recognized as one of the most ethnically diverse cities in the United States with over 125 different languages and dialects spoken there; and

Whereas, Oakland shipyards produced more than 35 percent of the entire Pacific Coast cargo ship output in World War II and Oakland canneries processed 60 percent of total food stuffs for the war effort making Oakland an important player in the "arsenal of democracy"; and

Whereas, President Herbert Hoover cast his first ballot in the 1896 Presidential election as a young adult living in Oakland; and

Whereas, William F. Knowland, publisher of the Oakland Tribune, served in the U. S. Senate from August 1945 to January 1959 including majority leadership under President Dwight D. Eisenhower; and

Whereas, Earl Warren, the fourteenth Chief Justice of the United States Supreme Court, began his career of public service in 1919 as Deputy City Attorney of the City of Oakland; and

Whereas, Oakland-born Edwin Meese III began his public service career as an Alameda County deputy district attorney before serving as counselor to President Ronald Reagan and U. S. Attorney General; and

Whereas, Ronald V. Dellums, an Oakland native, served in the House of Representatives from January 1971 to February 1998; and

Whereas, the lovingly-restored Potomac, President Franklin D. Roosevelt's beloved "Floating White House", offers dockside tours and Bay cruises from Oakland; and

Whereas, Oakland is home to the Port of Oakland, the fourth largest container port in the United States and among the top twenty-five worldwide; and

Whereas, as part of the fourth largest economy in the United States, Oakland's leading industry sectors include business services, health care services, transportation, food processing, light manufacturing, government, arts, culture and entertainment; and

Whereas, Oakland has been home to scores of nationally-known actors (Clint Eastwood, Tom Hanks, Mark Curry), authors (Jack London, Amy Tan, Gertrude Stein), musicians (Sheila E., the Pointer Sisters, En Vogue), and sports figures (Rickey Henderson, Al Attles, Gary Payton); and

Whereas, Oakland will celebrate its 150th Anniversary on May 4, 2002, with a day-long

public celebration that kicks off a 16-week 150th Anniversary Season that culminates in the Second Annual Art & Soul Festival over Labor Day Weekend:

Now, therefore, be it Resolved by the House of Representatives That Congress congratulates the City of Oakland on its 150th anniversary.

INTRODUCTION OF THE INSTALLMENT SALE PROTECTION ACT OF 2002

**HON. WALLY HERGER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, May 2, 2002*

Mr. HERGER. Mr. Speaker, I am today introducing legislation that would restore effective use of the installment method of accounting to long-term service business owners who sell their business interests.

The installment method of accounting allows a seller to pay tax on the gain from a sale as the seller receives the sale proceeds. This tax treatment matches the time for paying the tax to when the seller has the cash with which to pay that tax.

As many Members are aware, in the last Congress, we acted on a recommendation from the Clinton Administration to repeal the installment method of accounting for accrual basis taxpayers. Only after such change became law did we discover that we had effectively eliminated the installment method of accounting for many small business owners and, as a result, made it much more difficult for those business owners to sell their businesses. These business owners were forced to pay the entire federal income tax due on the sale of their business in the year of sale, even though the proceeds of the sale would be received over several years. This up-front demand by the government forced business owners to borrow to pay the tax or to accept lower sale prices in order to induce buyers to pay enough up-front to cover the seller's tax. To its credit, the Congress admitted its mistake and retroactively restored the installment method to accrual basis taxpayers in the Installment Tax Correction Act of 2000 (P.L. 106-573), which was enacted on December 28, 2000.

While restoring the installment method for accrual method taxpayers in 2000 was the right thing to do, it did not go far enough in remedying the installment sale problems of business owners. Despite the clear policy decision by Congress in 2000 to permit sellers of businesses to use the installment method, some long-term business owners continue to be required to pay a significant portion of total taxes upon entering into an installment sale of their business, even though they have not yet received any significant part of the sale proceeds.

An exception to the installment sale method of accounting requires taxpayers to pay all tax attributable to depreciation recapture in the year of a sale. This depreciation recapture rule was adopted in 1984 in order to prevent taxpayers from engaging in "churning" transactions, sale/leasebacks, and other tax shelter transactions involving real estate and equipment. However, the recapture provision was expanded well beyond its original purpose in

1993 in connection with legislation relating to the treatment of intangibles. Unfortunately, Congress may not have fully appreciated the consequences to sellers of business interests.

In 1993, the Congress adopted rules to clarify the amortization of acquired intangibles (e.g., goodwill, going concern value). The 1993 change required intangibles to be written off over a 15-year period, but specified that any gain on the sale of the intangibles attributable to previous amortization deductions would be treated as depreciation recapture. As a result, tax on this gain must be paid immediately in the year of sale. Because these new rules generally applied to intangibles acquired after August, 1993, business owners are now only just beginning to feel the effects of the recapture rule. This rule is having a particularly adverse effect on service businesses, because intangibles such as goodwill and going concern value represent a major portion of the value of those businesses.

For a simplified example, take the case of a business owner who purchased an interest in an architectural firm for \$ 100 in 1993, substantially all of the value of which was attributable to going concern value. The owner, who has actively participated in the business, retires in 2009 and sells the business for \$200, payable in ten equal annual installments. This sale would produce \$100 of capital gain (at an assumed tax rate of 20 percent) and \$100 of ordinary income (at an assumed tax rate of 33 percent), generating a total tax of \$53. Because of the intangibles recapture rule, the seller will have to pay \$35, or 66 percent of the total tax, in the first year, despite having received only 10 percent of the sale proceeds in that year. This result is clearly inequitable and defeats the purpose of allowing business owners to use the installment method of reporting gain from the sale of the business. Moreover, the result is especially harsh in cases where a business owner is retiring and selling the business.

My bill would allow a long-term active participant in a service business to report intangibles recapture gain on the installment basis along with other gain from the sale. The legislation would not change the character of any gain. As such, intangibles recapture gain would continue to be ordinary income to reflect the fact that it previously gave rise to an ordinary deduction. The bill is limited to long-term participants because they are the individuals who would otherwise be likely to suffer the greatest hardship under the recapture rule and who are most likely to be relying on installment sale payments to supplement their retirement income.

Specifically, my bill would allow an individual who has been an active participant for five of the prior seven years in a business in which capital is not a material income-producing factor (i.e., a service business) to report on the installment basis any intangibles recapture income resulting from the disposition of an interest in the business.

Because this proposal does not apply to depreciation recapture from tangible property, the proposal does not conflict with the original goals of Congress in adopting the depreciation recapture exception to the installment sale rules. Specifically, this is not a change that would permit tax sheltering through any sort of "churning" transactions.

While this proposal does not address all of the potential cases in which the installment

sale method is unavailable upon the sale of a business, it does go a long way towards addressing one of the most egregious situations. I urge my colleagues to support this worthy legislation.

SUPPORTING NATIONAL BETTER HEARING AND SPEECH MONTH

SPEECH OF

**HON. BETTY McCOLLUM**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 30, 2002*

Ms. McCOLLUM. Mr. Speaker, I rise today in support of H. Con. Res. 358, Supporting the Goals of National Better Hearing and Speech Month.

Hearing loss is the most frequently occurring birth defect in the United States, affecting 3 of every 1,000 newborns. Newborn hearing loss is 20 times more prevalent than PKU, a condition for which all newborns are currently screened. Often, hearing loss is not detected until a child is 2 to 3 years old.

Fortunately, there is a quick procedure that can be used to test infant hearing before newborns leave the hospital. Starting in 2000, Congress made grants available to the states through Health Resources and Services Administration and Centers for Disease Control to help reach the goal of testing every infant for hearing loss. States use the federal grants to train audiologists to use screening equipment and educate parents on the need for hearing screening and follow-up care.

The federal dollars are important to the success of the newborn screenings. Nationally, 67 percent of babies are presently screened, up from 20 percent in 1999. In my home state of Minnesota, only 8 percent of hospitals screened newborns for hearing loss before the state received the federal grant money. Today, 85 percent of Minnesota hospitals perform the screenings.

We know that infants identified with hearing loss before 6 months have a significant academic and social advantage over those who are not in a program by 6 months. The average savings in special education costs per child if hearing loss is detected early enough is \$400,000. The UNHS program pays for itself in special education savings many times over.

Sadly, the \$13 million in HRSA grants were cut from the President's proposed FY 2003 budget. These cuts may undo the progress we have made in ensuring that every infant is screened for hearing loss before leaving the hospital.

I want to thank Congressman RYAN for bringing attention to such an important issue. Under this resolution recognizing Better Hearing and Speech Month, Congress commends the 41 States that have implemented routine hearing screenings for every newborn before they leave the hospital.

We still have work to do, however. I recently met with constituents who had to battle doctors to get hearing screening for their newborn, even though their older son suffered from hearing loss. As members of Congress we can do more to help parents. No parent should have to fight for basic infant health care.

Hearing screening in 41 states is not enough. We must continue this success in