

priorities straight. And part of that is to remember that had it not been for all of the men and women who have worn the uniform of the United States military through the years, people like me would not have the privilege of going around bragging about how we live in the freest and most open democracy on the face of the Earth. Freedom is not free. We have paid a tremendous price for it. And I try not to let a day go by without remembering with deepest gratitude all of those who, like my own brother Bill McNulty, made the supreme sacrifice; and all of those who served and put their lives on the line like the gentleman from New York (Mr. RANGEL), like the gentleman from Texas (Mr. SAM JOHNSON), like other people in this Chamber. Thankfully they came back home and rendered outstanding service in the community and raised beautiful families to carry on in their fine traditions. We all should be deeply grateful for that. And that is why when I get up in the morning, my first two priorities are to thank God for my life, and then veterans for my way of life.

Today more than a quarter of a million brave Americans are overseas poised for military action. Let us remember them in our thoughts and prayers every day. This proposal is a very modest proposal; but it is well earned, it is deserved, and I am deeply grateful to the chairman of the committee and the ranking member for bringing it to the floor. I urge all members to support it.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. LEVIN), a senior member of the Committee on Ways and Means.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

□ 1115

Mr. LEVIN. This is an important bill. Many of us regret that it could not have been brought to this floor earlier without provisions that were totally unrelated to its basic purpose. It is important because so many of our Reserve and Guard members today are overseas, along with others, and what this bill says very significantly is that all members of our Armed Forces should be treated with equity and treated with the utmost sensitivity and respect.

The bill is important because we bring it up today at a significant moment. What it says, I think, for all of us, is this: Whatever the disagreements, and there have been and remain such as to the policies and approach of this administration, we here stand fully behind those men and women who are fighting in our armed services.

So I hope that today we will join in support of this bill. It now has a single important purpose, and that is to say to our troops, here and abroad, we stand with you.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from New York (Mr. McNULTY) eloquently indicated that freedom is not free, and that his own brother did not return in paying the ultimate price.

Mr. Speaker, it is my pleasure to yield such time as he may consume to the gentleman from Texas (Mr. SAM JOHNSON), who served his country admirably, and did return with an amazing story.

Mr. SAM JOHNSON of Texas. Mr. Speaker, this is for our military, and thank goodness we have got it for them all the way through.

Last spring a constituent of mine, Paul Miesse, was researching college savings plans, including the State education plans. His son Kyle, in Junior ROTC, would like to someday apply to the Naval Academy, as well as other schools.

Currently 529 State plans and Coverdell Education Savings Accounts allow people to save for college, and those savings remain untaxed if spent on education costs. It is a responsible thing for parents to save for their children's education, but if the student is smart enough or athletic enough to get a scholarship, then the parents can get their money back from the 529 plan or Coverdell plan penalty free. However, because of an oversight, which is rectified in this bill, military academies do not qualify for that penalty-free rebate of their savings.

I think that when hard-working, patriotic young Americans are rewarded with an appointment to a service academy, we ought not turn around and impose a 10 percent penalty on their parents who diligently saved for their children's education. We should provide the same penalty-free withdrawals for the Zoomie, the Plebe, the Middy or the Cadet as we provide to those who play sports, earn an academic scholarship or pay for school through ROTC.

This change we are making today will ensure that students who attend our U.S. military academies get the same treatment under college savings plans as their peers.

Given that each of us is eligible to make appointments to the United States service academies, I think all of us in Congress have a direct interest in making sure we solve this problem. In fact, there are 50 students in the Third District, my district, at all of the academies at any given time.

I want to thank constituents Paul, Jeanette and Kyle Miesse of Plano, Texas, who brought this issue to my attention. I think our forefathers envisioned that it is people like the Miesses of Texas who really make a difference, and it is our servicemen overseas and in this country who defend this freedom, and that is who we are trying to protect. I urge support of this bill.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, again, I would like to say that we should feel very proud that we are making this minor adjustment to improve the quality of life by reduc-

ing tax liability on men and women in uniform. It is hard for me to believe that as we talk, it is suggested that we are reducing the money for education for those people who are in uniform around the country, those that are dependent on Federal funds to support the localities where the men and women are stationed here in the United States. In addition to that, we are cutting back on aid for our veterans.

I would hope that in the spirit in which we pass this very modest bill, that all of us, Republicans and Democrats, liberals and conservatives, make some spirited effort to not have patriotism just be a flag on the bumper of a car, but to make some special effort to give priorities to those men and women in uniform by making certain that their kids are not denied an opportunity to get an education, and making certain that those who go in and serve, that their benefits are not being reduced.

Having said that, I would like to close on this and indicate that I think it is worthwhile that we get a record vote on this legislation not so much for political reasons, but so that our men and women would know that they would have a unanimous vote by the House of Representatives not only on this bill, but many bills that I hope will come before us where we can differ with the policy, but we will make it unequivocal support for those who volunteer to salute our great flag and our great country.

Mr. Speaker, I yield back the balance of my time.

Mr. THOMAS. Mr. Speaker, I want to join in the statement of the gentleman from New York.

Mr. REYES. Mr. Speaker, I am proud to support the members of our Nation's armed services and vote for the Armed Forces Tax Fairness Act that recognizes their contributions to our Nation and our freedom. The men and women of the Armed Forces, more than any other group, deserve to be first in line when Congress considers tax cuts and special exemptions from tax obligations. At a time when so much is being asked of our service members, it is only appropriate that we make this effort.

The Armed Forces Tax Fairness Act will make tax free the entire \$6,000 death gratuity paid to survivors of service members killed in the line of duty. The bill also makes payments from the Defense Department's Homeowners Assistance Program tax free.

The bill reduces taxes for some service members who sell their home by making changes to capital gains taxes on the sale of residences. The new rules will be helpful to those who have served on multiple deployments and have therefore lived at their residence for less than 2 of the last 5 years.

Recognizing the important role played by members of the National Guard, especially at this time when they are being called upon to serve abroad and here at home in the fight against terror, the Armed Forces Tax Fairness Act allows members of the National Guard to deduct up to \$1,500 in travel, lodging, and meal expenses from their taxable income if they have to travel more than 100 miles to attend National Guard and reserve meetings.

One of the most commonsense provisions of this bill recognizes that when a member of our military is deployed, poised for action but not yet in combat, they should not be preoccupied with meeting IRS deadlines. This bill suspends tax filing rules for service members participating in contingency operations. Currently, such a suspension is only made available to service members in combat.

Other measures in the bill salute past and future service members. One provision ensures that veterans organizations will not lose their tax-exempt status when admitting ancestors and direct descendants of veterans as members, and another provision allows students attending any one of our military service academies to withdraw funds from education savings accounts and qualified tuition programs without having to pay any penalties.

All these measures form a combined message and action of support to our troops at a critical time. I am proud to support the Armed Forces Tax Fairness Act and urge all my colleagues to do the same.

Mr. MEEK of Florida. Mr. Speaker: It is the soldier, not the reporter, Who has given us freedom of the press.  
It is the soldier, not the poet, Who has given us freedom of speech.  
It is the soldier, not the organizer, Who has given us freedom to demonstrate.  
It is the soldier, Who Salutes the flag, Who serves beneath the flag,  
And whose coffin is draped by the flag, Who allows the protestor to burn the flag.”  
—[Charles M. Province]

Mr. MEEK of Florida. I open my remarks with this quote by Charles M. Province by thanking those men and women who continue to serve in the United States military and provide us with the freedoms that we so frequently take for granted. We don't all have to agree about the conditions and terms and politics of war to agree that we have men and women in uniform who are among the finest human beings on this planet. It is fitting that at a time when our thoughts and prayers are most strongly focused on them, that we in the 108th Congress have this opportunity to offer them this small showing of our commitment to them.

According to the U.S. Department of Defense, more than 188,000 members of the National Guard and Reserve are currently mobilized for active duty on top of the many hundreds of thousands of career active duty soldiers. These friends, neighbors, and family members are putting their everyday lives on hold in order to protect us and provide us with more than a sense, but a knowledge of security.

Our military personnel and their families make enough sacrifices. They should not have to further sacrifice tax fairness just because they wear a uniform of the armed services. We need to provide incentives for our military personnel to continue their service to our country. Moreover, we need to provide adequate and fair compensation for our military personnel by ensuring that those men and women are treated fairly and equally under the provisions of the Internal Revenue Code.

I think this bill does just that.

This bill:

Exempts payment to beneficiary of soldiers killed in the line of duty;

Extends the income tax deadline for soldiers deployed overseas for potential action;

Makes it easier for transferred soldiers to be exempted from capital gains taxes on the sale of their homes; and,

Would provide guardsmen and reservist an above-the-line deduction for unreimbursed travel expenses incurred by members of the reserve components, while going to and from training.

These are simply issues of fairness. The Floridians and other fine Americans that take the stand to fight for our country deserve every fair consideration under our tax laws. The Tax Code is complicated enough, and our military should not be penalized for making decisions required because their official assignments. By passing this legislation, we are helping the members of our armed forces so that they will no longer be burdened by out-of-date tax regulations that penalize them even as they are serving our country.

Finally, I'd like to congratulate leadership for bringing this good bill to the floor clean so that we can focus on an issue on which Republicans and Democrats all agree—equity and fairness for members of the uniformed services.

Everyday, both in peacetime and in wartime, the brave men and women of our military work to preserve our freedoms. With this small token, I hope we can preserve some of theirs. I urge the support of this good bill.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today to express my support of H.R. 878, the Armed Forces Tax Fairness Act of 2003. It has been long overdue that we provide real relief to the men and women who serve in our Armed Forces. Many of the members of the military are minorities, and this bill will help many in my own 18th Congressional District in Houston. More than 200,000 troops are now being employed to the Persian Gulf. In Houston, many soldiers will be called upon to serve on the front lines.

This legislation provides tax relief to the members of our military. Our soldiers are on the frontlines every day, and now as a war with Iraq looms, we are calling upon these men and women to make even greater sacrifices. While I support this legislation, I wanted the bill to focus solely on tax benefits for military personnel and not to be used as a vehicle for special interest tax breaks.

Studies have shown pay rates in the military consistently lag behind comparable jobs in the private sector. I believe that this legislation would help military families as they struggle like so many to pay basic expenses.

The provisions in this legislation would provide tax breaks on home sales, travel expenses, and death benefits. We have ample tax benefits for corporations, it is time to help our officers and enlisted soldiers in the Armed Forces.

Now more than ever, it's important to support America's top-notch Armed Forces. I've always believed that in order for Americans to enjoy the freedom that characterizes our country, and for Texans to be able to fully enjoy the natural beauty and resources of our State, it is crucial for the citizens of the Nation and our State to feel safe.

To achieve this goal, it's vital that we keep America's Armed Forces strong. Throughout the years, I've fought for funding to constantly improve the quality of defense-related activities in my State of Texas.

The importance of national defense is increasing every day, and I will continue to support our Armed Forces—they are the young men and women on the front lines who are called to sacrifice for this great Nation and to preserve our constitutional protections and liberties.

I urge my colleagues to support this bill.

Mr. BEREUTER. Mr. Speaker, this Member rises in strong support of H.R. 1307, the Armed Forces Tax Fairness Act of 2003, as it relates to the members of our armed services—active duty, reserve components, and National Guard personnel serving on active duty. Indeed, this Member would like to commend the Ways and Means Committee Chairman, the distinguished gentleman from California (Mr. THOMAS), for his efforts to craft this very timely legislation which will assist our military personnel.

Across the U.S., men and women serving in active, Reserve, and National Guard units are mobilizing and deploying. Whether for missions at the Nebraska Air National Guard base in Lincoln, in Bosnia, in the Middle East, or elsewhere, these mobilizations and deployments have an immediate impact on families, employers, and communities. Indeed, deployments separate families which have young children. Moms and dads spend their children's birthdays overseas. Husbands and wives miss spending anniversaries together. Men and women leave their places of employment and also their paychecks as they mobilize. In this Member's home state of Nebraska, already 35 percent of the National Guard personnel have been mobilized for active duty.

Today, this body has the opportunity to send these men and women a very much deserved “thank you” for their personal and financial sacrifices by adjusting the tax code to reflect the realities which military personnel and their families face, such as frequent moves and increased child care costs associated with deployments.

The Armed Forces Tax Fairness Act of 2003 is a diverse bill; first and foremost it would provide assistance to men and women serving on military frontlines. For example, H.R. 1307 would amend the Internal Revenue Code to allow military personnel, who are transferred, to utilize the capital gains tax relief on the sale of their home by suspending the running of the present law 5-year rule for a total of 5 years during the time they are assigned away from home. The 5-year rule provides that an individual is not subject to the capital gains taxes for the first \$250,000, or for a couple, the first \$500,000 on a joint return on the sale of a home if it has been the principal residence for 2 out of the last 5 years. Because military personnel move frequently, they often do not meet the residence requirement. This legislation would suspend the residence requirement when the military personnel are stationed 250 miles from their primary house.

Additionally, H.R. 1307 would allow National Guard members to take an above-the-line deduction of overnight travel expenses associated with their service. This is particularly important for, as an example, Nebraska's National Guard members frequently must travel extensive distances to participate in Guard training and drills.

Other provisions within the legislation would clarify how certain child care expenses shall be treated and would exempt military death gratuity payments from taxes. (Currently, survivors of military personnel receive \$6,000 of which \$3,000 is taxable.)

Mr. Speaker, this Member strongly urges his colleagues to vote for H.R. 1307 for at least

the tax changes aforementioned are quite appropriate.

Mr. THOMAS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LINDER). The question is on the motion offered by the gentleman from California (Mr. THOMAS) that the House suspend the rules and pass the bill, H.R. 1307.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. THOMAS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1307.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

#### TAX RELIEF, SIMPLIFICATION, AND EQUITY ACT OF 2003

Mr. THOMAS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1308) to amend the Internal Revenue Code of 1986 to end certain abusive tax practices, to provide tax relief and simplification, and for other purposes.

The Clerk read as follows:

H.R. 1308

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Tax Relief, Simplification, and Equity Act of 2003".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; references; table of contents.

#### TITLE I—ENDING ABUSIVE TAX PRACTICES

Sec. 101. Individual expatriation to avoid tax.

Sec. 102. Suspension of tax-exempt status of terrorist organizations.

Sec. 103. Expressing the sense of the Congress that tax reform is needed to address the issue of corporate expatriation.

#### TITLE II—RELIEF FOR FOREIGN SERVICE AND ASTRONAUTS

Sec. 201. Special rule for members of Foreign Service in determining exclusion of gain from sale of principal residence.

Sec. 202. Tax relief and assistance for families of astronauts who lose their lives on a space mission.

#### TITLE III—HEALTH PROVISIONS

Sec. 301. Vaccine tax to apply to hepatitis A vaccine.

Sec. 302. Expansion of human clinical trials qualifying for orphan drug credit.

#### TITLE IV—FOREST CONSERVATION ACTIVITIES

Sec. 401. Pilot project for forest conservation activities.

#### TITLE V—RELIEF AND EQUITY FOR SMALL BUSINESSES

Sec. 501. Simplification of excise tax imposed on bows and arrows.

Sec. 502. Capital gain treatment under section 631(b) to apply to outright sales by landowners.

Sec. 503. Repeal of excise tax on fishing tackle boxes.

Sec. 504. Treatment under at-risk rules of publicly traded nonrecourse debt.

#### TITLE VI—EQUITY FOR FARMERS

Sec. 601. Special rules for livestock sold on account of weather-related conditions.

Sec. 602. Income averaging for farmers not to increase alternative minimum tax.

Sec. 603. Payment of dividends on stock of cooperatives without reducing patronage dividends.

#### TITLE VII—PROTECTION OF SOCIAL SECURITY

Sec. 701. Protection of social security.

#### TITLE I—ENDING ABUSIVE TAX PRACTICES

##### SEC. 101. INDIVIDUAL EXPATRIATION TO AVOID TAX.

(a) EXPATRIATION TO AVOID TAX.—

(1) IN GENERAL.—Subsection (a) of section 877 (relating to treatment of expatriates) is amended to read as follows:

“(a) TREATMENT OF EXPATRIATES.—

“(1) IN GENERAL.—Every nonresident alien individual to whom this section applies and who, within the 10-year period immediately preceding the close of the taxable year, lost United States citizenship shall be taxable for such taxable year in the manner provided in subsection (b) if the tax imposed pursuant to such subsection (after any reduction in such tax under the last sentence of such subsection) exceeds the tax which, without regard to this section, is imposed pursuant to section 871.

“(2) INDIVIDUALS SUBJECT TO THIS SECTION.—This section shall apply to any individual if—

“(A) the average annual net income tax (as defined in section 38(c)(1)) of such individual for the period of 5 taxable years ending before the date of the loss of United States citizenship is greater than \$122,000,

“(B) the net worth of the individual as of such date is \$2,000,000 or more, or

“(C) such individual fails to certify under penalty of perjury that he has met the requirements of this title for the 5 preceding taxable years or fails to submit such evidence of such compliance as the Secretary may require.

In the case of the loss of United States citizenship in any calendar year after 2003, such \$122,000 amount shall be increased by an

amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting '2002' for '1992' in subparagraph (B) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of \$1,000.”.

(2) REVISION OF EXCEPTIONS FROM ALTERNATIVE TAX.—Subsection (c) of section 877 (relating to tax avoidance not presumed in certain cases) is amended to read as follows:

“(c) EXCEPTIONS.—

“(1) IN GENERAL.—Subparagraphs (A) and (B) of subsection (a)(2) shall not apply to an individual described in paragraph (2) or (3).

“(2) DUAL CITIZENS.—

“(A) IN GENERAL.—An individual is described in this paragraph if—

“(i) the individual became at birth a citizen of the United States and a citizen of another country and continues to be a citizen of such other country, and

“(ii) the individual has had no substantial contacts with the United States.

“(B) SUBSTANTIAL CONTACTS.—An individual shall be treated as having no substantial contacts with the United States only if the individual—

“(i) was never a resident of the United States (as defined in section 7701(b)),

“(ii) has never held a United States passport, and

“(iii) was not present in the United States for more than 30 days during any calendar year which is 1 of the 10 calendar years preceding the individual's loss of United States citizenship.

(3) CERTAIN MINORS.—An individual is described in this paragraph if—

“(A) the individual became at birth a citizen of the United States,

“(B) neither parent of such individual was a citizen of the United States at the time of such birth,

“(C) the individual's loss of United States citizenship occurs before such individual attains age 18½, and

“(D) the individual was not present in the United States for more than 30 days during any calendar year which is 1 of the 10 calendar years preceding the individual's loss of United States citizenship.”.

(3) CONFORMING AMENDMENT.—Section 2107(a) is amended to read as follows:

“(a) TREATMENT OF EXPATRIATES.—A tax computed in accordance with the table contained in section 2001 is hereby imposed on the transfer of the taxable estate, determined as provided in section 2106, of every decedent nonresident not a citizen of the United States if the date of death occurs during a taxable year with respect to which the decedent is subject to tax under section 877(b).”.

(b) SPECIAL RULES FOR DETERMINING WHEN AN INDIVIDUAL IS NO LONGER A UNITED STATES CITIZEN OR LONG-TERM RESIDENT.—Section 7701 (relating to definitions) is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

“(n) SPECIAL RULES FOR DETERMINING WHEN AN INDIVIDUAL IS NO LONGER A UNITED STATES CITIZEN OR LONG-TERM RESIDENT.—An individual who would not (but for this subsection) be treated as a citizen or resident of the United States shall continue to be treated as a citizen or resident of the United States until such individual—

“(1) gives notice of an expatriating act or termination of residency (with the requisite intent to relinquish citizenship or terminate residency) to the Secretary of State or the Secretary of Homeland Security, and

“(2) provides a statement in accordance with section 6039G.”.

(c) PHYSICAL PRESENCE IN THE UNITED STATES FOR MORE THAN 30 DAYS.—Section