ACTIVE FINANCING BILL

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 13, 2007

Mr. CAMP of Michigan. Madam Speaker, I am pleased to join Representative RICHARD NEAL and introduce legislation to make permanent the Subpart F exception for active financial services income. Under current law, the provision will expire next year.

I have long been an advocate for this legislation. While Congress has extended Subpart F for active financial services income on an ad hoc basis, such inconsistency does not make for good tax planning or tax policy. Besides ensuring consistency, Congress must develop policies that help businesses invest and keep jobs here in the United States. Allowing tax benefits to expire is a direct tax hike on employers, and it is a direct assault on every American job.

This legislation ensures that U.S. financial services firms can continue to defer U.S. tax on their earnings from their foreign active financial services operations until such earnings are paid as dividends back home. No other developed country in the world imposes current tax on financial services income earned outside their country. If the U.S. is to remain competitive in the global marketplace, the Federal Government must not put our companies at a tax disadvantage. Without the legislation we are proposing, American financial services companies will lose out on business to foreign firms. When American companies lose customers, American jobs are lost.

Overseas operations are important to American companies' domestic success. For example, if North American profits dip, these companies can use their global profits to offset losses. And, as I mentioned before, domestic jobs are gained when a business has more customers to sell to. Domestic jobs support overseas operations, increased product exports, and product development.

Failure to make permanent this current law provision would be a critical mistake for the U.S. economy. If U.S. financial services companies have to pay current U.S. tax on the active financial services income they generate overseas, they will have higher costs than their foreign-owned competitors. Their customers will turn to non-U.S.-owned firms. Given the thousands of U.S. jobs at stake, I do not believe our tax policy should allow this to happen.

I urge my colleagues to support this important bill.

INTRODUCTION OF ACTIVE FINANCING BILL

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 13, 2007

Mr. NEAL of Massachusetts. Madam Speaker, today I am pleased to join my friend and Committee colleague Representative DAVE CAMP in introducing legislation to make permanent the Subpart F provision for active financial services income. It is time to end the temporary extensions of this important incentive and finally make this a permanent part of the tax code. In the Senate today, Chairman BAUCUS and Senator HATCH will also be filing identical legislation.

The U.S. financial services industry employs workers all across the U.S. The continued health and vitality of this industry depends on the level of success of these U.S. companies in the global market. However, one important incentive expires at the end of next year, which allows these companies to defer U.S. tax on the active business financial services income earned by foreign subsidiaries of U.S. financial services companies. Other active U.S. businesses enjoy this deferral for active business operations, so it just makes sense that financial services companies should as well. The deferred tax would be triggered when that income is sent back as a dividend to the U.S. parent.

While the U.S. financial services industry is a global leader, the market is fiercely competitive with every company searching for some advantage over another. If U.S. financial services companies are unable to compete in global markets, foreign firms will fill the void. In that case, the thousands of jobs necessary to support a global financial services operation will be lost to foreign companies.

Current law includes stringent safeguards to ensure that the income eligible for deferral of U.S. tax is real business income and is earned by local operations serving local markets. Importantly, a qualifying business cannot be one that is based in a tax haven to serve other markets. To qualify, a company must be actively engaged in a financial services trade or business and must predominantly serve customers in the country in which it is located. These common-sense requirements ensure that this exception works as intended.

Deferral for active financial services income has been the law for most of the history of the corporate income tax. However, since 1997, it has only been a temporary provision in the code and extended many times. It is time for Congress to once again make this exception a permanent part of the code providing the stability our U.S. financial services indistry needs to remain the global leader. I urge you to join us in this effort.

TO RAISE THE DIALOGUE WHILE ENSURING COMPETITION AMONG THE FEDERAL STUDENT LOAN PROGRAMS

HON. JON C. PORTER

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 13, 2007

Mr. PORTER. Madam Speaker, the Student Aid Reward Act (STAR) was drafted to provide additional funds for students to meet the ever rising costs of a higher education. Let me first note that I understand that there is a difference of opinion as to the calculation of the savings from this legislation and I hope we can reach an agreement on how to assess the real and actual costs of both programs before its enactment. As always, I believe it is important that all legislation needs to occur through the regular Committee process where all sides have the opportunity to participate. It is important to know that I strongly support diversity and competition within the Federal student loan system. Competition within the student loan system includes not only competition among Federal Family Education Loan Program (FFELP) providers, but also competition between the two Federal student loan programs. Each of these programs should be run in a manner that provides the best products and services to students, while being good stewards of taxpayer funds. I hope that strong tradition continues and believe this bill will act as a catalyst for open and productive dialogue with the ultimate goal of ensuring students are provided the financial aid package that will meet their financial and customer service needs.

The simple fact is that education is the single most important factor when it comes to equalizing opportunity and ensuring all students are able to achieve a better future. A well educated society is paramount to our global competitiveness and security here at home. Because education is so critical, I believe we have a duty to ensure it is available to all our citizens and we have an obligation to ensure we make thoughtful, careful and well informed decisions as the stewards of these critical financial aid programs.

A TRIBUTE TO MARGARITA CAMPOS

HON. ADAM B. SCHIFF

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 13, 2007

Mr. SCHIFF. Madam Speaker, I rise today to honor Ms. Margarita Campos, of Burbank, California. Each year in March, in recognition of Women's History Month, we pay special tribute to the contributions and sacrifices made by our Nation's women.

Born to Cuban parents, Margarita has been a resident of Burbank, California for over forty years. Margarita received her Associate of Arts degree in Liberal Arts from Los Angeles Mission College and earned her Bachelor of Arts Degree in Business Law from the University of West Los Angeles.

Since 2001, Margarita has been the elected Burbank City Clerk and is responsible for maintaining all official city records including: keeping a complete and accurate record of all City Council, Redevelopment Agency, and related proceedings, maintaining the Burbank City Charter and Municipal Code, and conducting all municipal elections. Prior to her term as City Clerk, Margarita served as the City of Burbank Community Assistance Coordinator and the Secretary to the Mayor.

Margarita is involved with various professional organizations. She is a member of the International Institute of Municipal Clerks, the Association of Records Managers, and the City Clerks Association of California.

In her spare time, Margarita dedicates herself to volunteering with organizations that directly benefit the Burbank community. She is a member of the League of Women Voters, a nonpartisan political organization that advocates for the improvement of government systems and aspires to impact public policies through citizen education and advocacy. Margarita served as the First Vice-President for the Zonta Club of the Burbank Area, a worldwide organization comprised of a diverse membership working together to advance the