

April unless we move quickly to extend this provision beyond its December 31, 1993 expiration date. Further, it is indefensible that our tax laws tell some businesses that they can deduct 100 percent of their health costs, while others, mostly smaller businesses, are told they can deduct none of their health care costs.

The health of a farm family or small business owner is no less important than the health of the president of a large corporation, and the Internal Revenue Code should reflect this simple fact.

That's way I am reintroducing legislation to restore tax fairness for sole proprietors who acquire health insurance coverage for themselves and their families. My bill would renew the 25-percent health insurance tax deduction as if it had not expired in December 1993. It also expands the current 25-percent deduction to 100 percent over the next several years. As a result, sole proprietors would receive the exact same tax treatment that large corporations now enjoy.

Almost no one disagrees that the tax code unfairly discriminates against self-employed business owners with respect to health care costs. Yet, Congress has always scrambled to simply retain the current 25-percent health tax deduction.

We can no longer afford to allow this provision to be held hostage to sunset provisions or politics. So long as we turn a blind eye to this problem, millions of Americans are prevented from purchasing adequate and affordable health care for themselves and their families.

We ought to move to correct this matter without further delay. This matter needs immediate attention.

By Mr. DORGAN:

S. 368. A bill to amend the Internal Revenue Code of 1986 to provide that installment sales of certain farmers not be treated as a preference item for purposes of the alternative minimum tax; to the Committee on Finance.

TAX TREATMENT OF INSTALLMENT SALES
LEGISLATION

Mr. DORGAN. Mr. President, today I rise to introduce legislation to rectify a serious tax problem confronting our family farmers.

The Internal Revenue Service [IRS] has, in my opinion, mistakenly taken a position that may preclude our farmers from using deferred payment grain contracts, which have been routinely used in their businesses for decades. In my judgment, the IRS' position imposes an unintended and unacceptable financial hardship on the farming industry.

Let me briefly explain. For years, family farmers have used deferred payment grain contracts to sell their commodities to grain elevators to help manage the business income. A typical grain contract between a farmer and grain elevator calls upon a farmer to sell and deliver grain to a grain elevator—often because the farmer does not

have adequate storage—for a fixed amount. In many cases, one or more payments paid by the elevator to the farmer under the contract occur after the close of the farmer's taxable year.

For regular tax purposes, farmers are allowed to defer income from the deferred payments under the grain contracts in computing their regular tax liability. But because the IRS apparently views all deferred payment grain contracts as installment sales, it now requires them to add back this income in computing the Alternative Minimum Tax [AMT] in the tax year preceding the year of payment. As a result, thousands of family farmers are facing hefty tax bills because they are being whip-sawed by an AMT provision which effectively repeals their ability to use such contracts.

To make matters worse, many farmers were advised by tax experts that some kinds of traditional deferred payment grain contracts do not amount to an installment sale that would require an AMT calculation. For this reason, they did not make an AMT adjustment on their income tax returns. Now they are being told by the IRS that they owe large tax bills on income that they will not receive until later.

That is why I am introducing legislation to ensure that our family farmers are allowed to engage in deferred payment transactions and get the same kind of tax treatment they have always received.

I do not believe that Congress intended this kind of tax treatment for farmers using deferred payment grain contracts for legitimate business purposes. It seems to me that the IRS position is based upon an incorrect interpretation which ignores the fact that our family farmers are, by law, permitted to manage their business operations on a cash basis.

My bill would simply make clear the original intent of Congress in the Tax Acts of 1986 and 1987, which was to allow farmers to continue to receive the tax benefit provided from the use of cash method accounting and from installment sales for their deferred payment grain transactions.

I urge my colleagues to include this much-needed legislation in any revenue measure considered by the Senate this year.

ADDITIONAL COSPONSORS

S. 5

At the request of Mr. DOLE, the names of the Senator from Indiana [Mr. COATS], and the Senator from New Hampshire [Mr. GREGG] were added as cosponsors of S. 5, a bill to clarify the war powers of Congress and the President in the post-cold war period.

S. 104

At the request of Mr. D'AMATO, the names of the Senator from Kentucky [Mr. MCCONNELL], and the Senator from Maine [Mr. COHEN] were added as cosponsors of S. 104, a bill to establish the position of Coordinator for

Counter-Terrorism within the office of the Secretary of State.

S. 150

At the request of Mr. MCCAIN, the name of the Senator from Arizona [Mr. KYL] was added as a cosponsor of S. 150, a bill to authorize an entrance fee surcharge at the Grand Canyon National Park, and for other purposes.

S. 154

At the request of Mr. BUMPERS, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 154, a bill to prohibit the expenditure of appropriated funds on the Advanced Neutron Source.

S. 157

At the request of Mr. BUMPERS, the name of the Senator from Nevada [Mr. BRYAN] was added as a cosponsor of S. 157, a bill to reduce Federal spending by prohibiting the expenditure of appropriated funds on the United States International Space Station Program.

S. 184

At the request of Mr. HATFIELD, the names of the Senator from Hawaii [Mr. INOUE], the Senator from Illinois [Mr. SIMON], and the Senator from New Hampshire [Mr. GREGG] were added as cosponsors of S. 184, a bill to establish an Office for Rare Disease Research in the National Institutes of Health, and for other purposes.

S. 223

At the request of Mr. MCCAIN, the names of the Senator from Arizona [Mr. KYL] and the Senator from Ohio [Mr. DEWINE] were added as cosponsors of S. 223, a bill to provide for the termination of reporting requirements of certain executive reports submitted to the Congress, and for other purposes.

S. 234

At the request of Mr. CAMPBELL, the names of the Senator from New Hampshire [Mr. GREGG], the Senator from Wyoming [Mr. THOMAS], and the Senator from Minnesota [Mr. WELLSTONE] were added as cosponsors of S. 234, a bill to amend title 23, United States Code, to exempt a State from certain penalties for failing to meet requirements relating to motorcycle helmet laws if the State has in effect a motorcycle safety program, and to delay the effective date of certain penalties for States that fail to meet certain requirements for motorcycle safety laws, and for other purposes.

S. 277

At the request of Mr. D'AMATO, the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of S. 277, a bill to impose comprehensive economic sanctions against Iran.

S. 281

At the request of Mr. D'AMATO, the name of the Senator from Texas [Mrs. HUTCHISON] was added as a cosponsor of S. 281, a bill to amend title 38, United States Code, to change the date for the beginning of the Vietnam era for the purpose of veterans benefits from August 5, 1964, to December 22, 1961.