TAX CODE TERMINATION ACT

SPEECH OF

HON. JIM DAVIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 17, 1998

Mr. DAVIS of Florida. Mr. Speaker, I rise in opposition to H.R. 3097, the Tax Code Termination Act. This legislation may sound great on a bumper sticker but it has no place on the floor of the House of Representatives. This bill would simply terminate the tax code without any guarantee that it will be replaced by a simpler, fairer tax system.

I understand the frustration with the current tax system and wholeheartedly agree with those who believe it is overly complex and in desperate need of reform. We all know that the current tax code results in extreme bureaucratic costs, unintended loopholes, and headaches for every American taxpayer. But the answer is to reform the code. The answer is to hold substantive hearings on alternative proposals. The answer is to take responsible action to improve the system. This bill is neither responsible nor substantive and it is neither reform nor the answer.

As elected representatives we have a responsibility to govern. Rather than sitting down together and discussing alternative tax systems and their relative merits, this legislation takes the approach that if we set up a train wreck down the line, we are going to be forced to come together and make decisions. Well, we all remember how well the train wreck approach worked during the government shutdowns of 1995. Unfortunately, the consequences of this game of chicken are far more sweeping, putting at risk the entire American economy.

Mr. Speaker, we should not put our economy at risk for the sake of political posturing. We all know passage of this bill will not move us one step closer to real tax reform. Let us reject this legislation and instead begin a serious dialogue on how best to reform our Nation's tax code.

1998 SPIRIT OF ACHIEVEMENT AWARD

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 18, 1998

Mr. LIPINSKI. Mr. Speaker, I rise today to pay tribute to the recipients of the Spirit of Achievement Award.

Each year, I recognize students in the 8th grade graduating classes who have excelled in the classroom, completed community service projects, and participated in extracurricular activities. These students are to be commended for their dedication, leadership, and community pride. They do represent the best and brightest of today's youth.

I am honored to announce the recipients of the 1998 Spirit of Achievement Award:

St. Camillus School: Katarzyna Zagorski and Gregory Jachymiak

Dore School: Timeka Cooley and Benjamin Ayala

St. Jane De Chantal School: Krystyna Kowalkowski and Andrew Wilk

Hearst School: Shemika Perkins and Arthur Bailey

St. Bruno School: Katarzyna Rogala and Matthew Chyba

Kinzie School: Christina Smith and Daniel Zajaczkowski

St. Daniel the Prophet School: Stephanie Berent and Samuel Pavelka

Byrne School: Tara Murphy and Nicholas Walker

St. Richard School: Alexandra Komonrowski and Michael Poineau

Mark Twain School: Mary Gacek and Devin Miarka

St. Symphorosa School: Lauren Ewalt and Anthony Miller

Nathan Hale School: Adriana Misterka and Lukasz Kulesza

St. Rene School: Gina Augustyn and Daniel DeBias

Peck School: Armando Garcia and Richard Piwowarski

Our Lady of Snows School: Bryan Kaminski and Kevin Siedlecki

Edward School: Ewelina Kalinowska and Ali Panjwani

Gloria Dei School: Kaitlin Reedy and Bethany Giebel

Mr. Speaker, I congratulate these students on their graduation from grammar school. I salute them for their remarkable accomplishments in and out of the classroom. But most importantly, my best wishes to each and every recipient as they enter high school and encounter new and exciting challenges.

PERSONAL EXPLANATION

HON. JOHN R. THUNE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 18, 1998

Mr. THUNE. Mr. Speaker, I was unable to vote on roll call votes 193, 194, 195, in order to accompany the Vice President as we assessed the horrible damage suffered in Spencer, South Dakota. As my colleagues may recall, a tornado struck this town of approximately 300 people, destroying nearly every structure in town. Had I been present, I would have voted ''aye'' on each of the votes.

TAX CODE TERMINATION ACT

SPEECH OF

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 17, 1998

Mr. PACKARD. Mr. Speaker, I rise today in support of H.R. 3097, The Tax Code Termination Act. This bill will sunset the tax code by 2002 and force policy makers in Washington to implement a fair replacement.

April 15th should not be a day of anxiety and tension for our constituents. American businesses will spend 3.4 billion hours, and individuals will spend 1.7 billion hours, trying to comply with the tax code. That's equivalent to a staff of three million people working full time, year round, just on taxes. H.R. 3097 will hold Congress accountable for amending the code by December 31, 2002, just a short four years away.

The horror stories my constituents have shared with me on simply filing their EZForm 1040 are ludicrous. The EZForm 1040 is the IRS' ''simplest'' return, and yet it has 33 pages of instructions! Mr. Speaker, if the IRS has trouble understanding all the rules, subrules and instructions that go along with filing taxes, we cannot expect the American public to accomplish this without havoc and hassle.

This complicated system has made it extraordinarily difficult for people to fill out their tax forms, often resulting in the costly process of going to an accountant to file. That means they must pay more money just to find out how much more money they owe in taxes! Tax simplification would ease the paperwork burden for average taxpayers while reducing the government's cost of administering and collecting taxes.

Mr. Speaker, Washington created this problem and it is time Washington corrects it. I rise in strong support of H.R. 3097. We must end the IRS and its abominable tax code now.

GOOD ADVICE ON NORTH KOREA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 18, 1998

Mr. HAMILTON. Mr. Speaker, managing our relations with North Korea is one of the toughest challenges confronting American diplomats today.

Until a few years ago, North Korea seemed determined to move forward with a clandestine nuclear weapons program. In October 1994, the Clinton administration negotiated a landmark agreement with North Korea that has frozen North Korea's weapons program and holds out the promise of eliminating this threat to regional security and to our global nonproliferation goals.

A few days ago, the Los Angeles Times published an article written by James Laney, who was the U.S. Ambassador to South Korea until last year, and Jason Shaplen, an expert on North Korea, which lays out other steps the United States might take to manage our relationship with North Korea.

Given the importance of this issue, I insert this article for printing in the CONGRESSIONAL RECORD so that Members might have an opportunity to read the advice offered by two of our country's foremost Korean experts.

ENGAGING PYONGYANG IS ROUTE TO STABILITY—KOREA: THE U.S. NEEDS TO REASSURE THE NORTH THAT IT ISN'T SEEKING ITS DEMISE AND TO INCREASE CONTACTS

(By James Laney and Jason T. Shaplen)

South Korean president Kim Dae Jung's visit to the U.S. has put the focus on how to manage an increasingly desperate North Korea. Since assuming office in February, Kim has indicated that he intends to break the Cold War mentality that has stymied progress on the Korean peninsula for the past 45 years and implement a bold new policy toward the North—a policy based on engagement. The U.S. should support his initiative and take steps of its own to promote engagement that moves the peninsula, home to 37,000 U.S. troops, toward greater stability. There are three ways the U.S. can do this.

Issue a statement that Washington does not seek the North's collapse. In his inaugural address, Kim stated that his government, which sits only 30 miles from the

DMZ, neither seeks to absorb the North nor actively promote its collapse. Washington, 7,000 miles farther away, should do the same.

Kim's call for reconciliation was not a rash statement made for political effect. It was based on the reality that pursuing a policy of collapse is futile. Barring unforeseen events, neither Kim Jong IL, the North's reclusive leader, nor his regime is likely to disappear in the near future. Even if the situation in the North should change, neighboring China is likely to offer aid that ensures its survival.

Stating clearly that the U.S. does not actively seek the North's collapse (while also recognizing that there is no moral equivalency between the North and South) represents the most sensible approach toward promoting stability. Confronted with a positive statement of this nature, it would be more difficult for North Korea's military to assume an aggressive posture.

Greater engagement with the North. Issuing a statement that the U.S. does not seek the North's collapse will only bring meaningful change if it is followed with a series of initiatives that seek to promote greater engagement, particularly in the economic arena.

To this end, the U.S., on a case-by-case basis, should lift economic sanctions imposed on North Korea as a result of the Trading With the Enemy Act. Allowing investment will force the North to learn more about our economic system and its benefits. One requirement that could be placed on lifting sanctions is that investment in the North must be in the form of U.S.-South Korean joint ventures.

The case for lifting sanctions has some strong proponents. Since his election, Kim Dae Jung has boldly increased the amount and type of investments South Korean firms can make in the North and has suggested that Washington lift sanctions.

Support for existing initiatives. Policy toward North Korea in the pre-Kim Dae Jung era was not without success. Four-party peace talks to replace the truce that stopped the Korean War with a formal peace treaty began last year. The talks include North and South Korea, the U.S. and China. shortly after these talks began, Pyongyang and Seoul resumed direct, bilateral dialogue in Beijing.

Similarly, the Korean Peninsula Energy Development Organization has been a success. Founded by the U.S., South Korea and Japan to implement portions of the landmark 1994 U.S.-North Korean Agreed Framework (in which Pyongyang agreed to scrap its suspect nuclear program in exchange for two proliferation-resistant nuclear reactors), KEDO has formed a professional relationship with the North. Working on the ground in North Korea and across the table from in New York, KEDO and North Korea have signed scores of internationally binding agreements that have allowed hundreds of South Koreans to travel to the North for the nuclear project. KEDO's prime contractor for the nuclear project. KEDO's prime contractor for the project is a South Korean firm. This means that at the height of construction, thousands of South Koreans will work side by side with thousands of North Koreans, building not only safer nuclear reactors, but greater understanding and, it is hoped, mutual confidence.

These and other initiatives signal an acknowledgment of necessity, if not desire by the North to engage. As such, they deserve the continued political and, in the case of KEDO, financial support of the administration and Congress.

Managing North Korea is a very difficult task. The situation remains precarious and deterrence must remain the foundation of the U.S.-South Korean approach to the North. That said, the combination of Pyongyang's increasing desperation and Kim Dae Jung's refreshing vision presents an opportunity that Washington and Seoul must not let pass.

H.R. 1151 AND CREDIT UNION CHARTER CONVERSIONS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 18, 1998

Mr. LAFALCE. Mr. Speaker, this body acted swiftly and decisively to assure the availability of financial services for all Americans when it passed, by an 411–8 vote, H.R. 1151, the Credit Union Membership Access Act. This legislation preserves the right of millions of Americans to retain their membership in credit unions and to continue to benefit from credit union services. I am pleased to have been one of the authors of this important legislation.

In developing this bill, the Banking Committee went to great lengths to achieve consensus legislation that would protect consumers' choice of financial services, ensure proper regulatory supervision of credit unions and strengthen credit unions' long-standing commitment to serving all segments in their communities. As passed by the House, H.R. 1151 accomplishes all of these goals. However, the bill was recently amended during consideration by the Senate Banking Committee and now includes new provisions that are of great concern to me and demand the careful scrutiny of the House.

As passed by the House, Section 202 of H.R. 1151 requires the National Credit Union Administration (NCUA) to review its rules and regulations that govern the conversion of federal credit unions to mutual thrift institution charters. The intent is to assure that these rules do not permit unfair conversions and require objective disclosure of all relevant facts about any possible conversion to credit union members. However, the Senate Banking version of H.R. 1151 would arbitrarily and drastically revise NCUA's conversion rules. If enacted, the Senate bill changes would permit credit union conversions under rules that are far less stringent than the conversion regulations for any other type of financial institution. That would be absolutely unacceptable.

Under current NCUA regulations, if a credit union—as a member-owned financial cooperative—wishes to convert to a thrift charter, it must first obtain the approval of a majority of the credit union's members. This majority vote requirement is necessary to protect the interests of credit union members, but it is not so difficult as to pose a barrier to conversions. It is noteworthy that practically every credit union that has sought to convert to a mutual thrift charter—with one exception—has met this majority vote requirement and has successfully converted. The regulations now in place have worked well.

However, the Senate Banking Committee version of Section 202 would significantly rewrite these conversion regulations, making the process substantially easier and greatly scaling back necessary regulatory oversight. If enacted into law this provision would authorize the conversion of insured credit unions to mutual savings institutions without the prior approval of any regulator, either the National Credit Union Administration or the Office of Thrift Supervision.

In addition, the Senate proposal would permit conversions with only an affirmative vote of a simple majority of the members of the credit union who are voting in an election. Let me emphasize that this is not a majority of the people or families who use and depend upon the credit union, only a simple majority of those who actually vote. This could permit a small minority of credit union officers and members to change the charter of a credit union with minimal knowledge and participation of the majority of members whose financial security would be drastically affected. This may or may not be likely. But under these eased conversion standards, it certainly is very possible, and wrong.

An example of how stronger conversion criteria can work both to protect the interests of members while permitting change to meet market conditions can be found right outside my Congressional district in Western New York. Eastman Savings and Loan Association of Rochester, New York, was a New York chartered mutual savings and loan association that desired to convert to a credit union. ESL's own by-laws and the New York State banking laws impose a number of strict conversion requirements, both in terms of the number of eligible votes that had to be cast and the size of the majority required for approval. As a result, ESL had to meet one of two possible tests for conversion: 66.7% of the total possible votes had to be favorable or 75% of all votes cast had to be favorable. ESL successfully made the conversion with an affirmative vote of 98.7% of votes cast. ESL's directors attribute the huge success of this conversion vote to the added preparation and articulation of the purpose and plan for conversion that was required to meet this higher approval standard.

If the House concurs in the Senate proposals to ease current conversion requirements for credit unions I believe we will be inviting abuse. Credit unions are non-profit institutions that are chartered to serve a public purpose. This purpose and ownership structures should not be changed without significant involvement of both federal regulators and the majority of affected members. Any standard for a credit union's conversion to another type of financial institution must continue to require, at a minimum, that a majority of the credit union's membership participate in a conversion vote and a majority of those voting approve the conversion and that the credit union regulator, NCUA, must continue to have authority over the conversion process. The public's interest and the interests of members and their families necessitate this minimal level of involvement by both regulators and credit union members.

TRIBUTE TO SHERIFF STEVE MAGARIAN

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 18, 1998

Mr. RADANOVICH. Mr. Speaker, I rise today to pay tribute to Fresno County Sheriff Steve Magarian. Sheriff Magarian has been an