

AUTHORITY FOR COMMITTEE TO
MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Monday, October 5, 1998, at 2 p.m. to hold a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

NATIONAL SALVAGE MOTOR VEHICLE
CONSUMER PROTECTION
ACT

• Mr. LEVIN. Mr. President, I am pleased Senators LOTT and GORTON have accepted my amendment to the substitute to S. 852, the National Salvage Motor Vehicle Consumer Protection Act of 1998. Senators FEINSTEIN and BRYAN have joined me in offering this amendment which will remedy concerns that the substitute bill would have preempted state laws that provide greater consumer protection with regard to the titling of salvage vehicles.

My colleagues may have heard from the state attorneys general about their opposition to the state preemption impact of the substitute bill. Mr. President, I have worked with the state attorneys general to address their concern. Simply put, my amendment will allow states with higher standards to keep them.

S. 852 without my amendment would establish national titling standards that act as a ceiling rather than a floor because, except for a few narrow exceptions, the legislation would have preempted existing tougher state standards for when a vehicle must be declared salvage, rebuilt salvage, non-repairable or flood damaged.

For example, Michigan has a stronger consumer protection standard for when a vehicle must be declared "non-repairable" which would be preempted by S. 852. In Michigan, if a vehicle is damaged 91 percent or more of its value, its title must be branded "scrap" or non-repairable.

S. 852 defines non-repairable as a vehicle which has no resale value except as a source of parts or scrap and it excludes flood vehicles. That is considered a weaker and more subjective definition than Michigan's, but under the substitute to S. 852 without my amendment, Michigan must accept the lower or weaker national standard.

In addition, Michigan's salvage definition includes motorcycles, motor homes, and flood vehicles and S. 852 exempts them. Again, the substitute legislation would force Michigan to abide by a standard that excludes these types of vehicles. My amendment would allow Michigan to retain these provisions of its vehicle titling code.

To avoid the preemption of state laws providing greater vehicle titling protection to consumers, my amendment would establish a national or fed-

eral standard for when a vehicle's title must be branded with the term "salvage", "rebuilt salvage", "non-repairable", and "flood" damaged. Under my amendment, the federally required standard would become a floor because no state opting in would be allowed to have a lower standard. However, my amendment would allow states that choose to provide more protection to consumers to retain or enact standards that may be considered more stringent.

Therefore, under the substitute, with my amendment, consumers would be protected against unscrupulous people who take the title of a vehicle that has been in a wreck to a state with lower standards in order to give the vehicle a clean title to hide the fact that it was damaged. There will now be a national standard that each participating state will have to meet. But it will be a national floor rather than a ceiling because states can retain or enact tougher standards if they so wish. Establishing a federal standard leaves state salvage law intact and not preempted.

I view this legislation, as amended, as a big step forward in protecting the consumer from the unscrupulous practice known as "title washing" because it gives us a relatively high national standard that did not previously exist. At the same time, it is not watering down any state standard that may be even more protective of the consumer than the federal standard established by this legislation.

I would have preferred that the federal standard contain a tougher measurement for when a damaged vehicle would be declared "salvage". However, the majority of states that have a percentage based salvage definition use the 75% number contained in this legislation and it is appropriate we go with the definition of the majority of states.

This legislation, as amended, does not preempt state law and the national standard that it sets is where the majority of states are, in terms of the percentage used in the definition of "salvage" vehicle.

Mr. President, few would dispute the need to stop the current practice of selling rebuilt wrecks to unsuspecting buyers. The objective of this legislation is to make it more difficult for the unscrupulous seller to conceal the fact that a vehicle has been in an accident by transferring the vehicle's title in a state with lower standards than where the vehicle is ultimately sold. This legislation, as amended, accomplishes this objective and with my amendment, it represents important consumer protection. •

• Mrs. FEINSTEIN. Mr. President, I rise in support of the Salvage Motor Vehicle legislation as it has been amended by the Levin/Feinstein amendment.

The sale of rebuilt vehicles that have been wrecked in accidents has become a major national problem. According to the National Association of Independent Insurers, about 2.5 million vehicles are involved in accidents so severe that they are declared a total loss.

Yet, more than a million of these vehicles are rebuilt and put back on the road.

In many cases, "totaled" cars are sold at auction, refurbished to conceal prior damage, and resold to consumers without disclosure of the previous condition of the car. The structural integrity of these vehicles has been so severely weakened that the potential for serious injury in an accident is greatly increased.

This bill seeks to address the problem by requiring vehicle owners to disclose that the car has been salvaged if it has sustained damage valued at more than 75% of its retail value. The problem with this approach is that it sets a ceiling rather than a floor for consumer protection. States who may already have stronger definitions of salvage vehicles would be preempted.

The amendment that I have offered with the senior Senator from Michigan will eliminate this flaw in the bill. Our amendment says specifically that nothing in this bill will effect a state law that provides more stringent consumer protection relating to the inspection, titling or any other action dealing with salvage vehicles. We believe that this is the best possible outcome. A minimum level of consumer protection will be set at the federal level, but the bill now authorizes states to provide greater or more comprehensive protection if they wish.

Protection for consumers in my state of California will be greatly enhanced by the Levin/Feinstein amendment. California law does not set a percentage value for salvage vehicles. Instead it says that a vehicle is salvaged when the owners determines that repairing the vehicle is "uneconomical". Our amendment will allow California to maintain that definition as well as states with other protections. California law is also more comprehensive in terms of what vehicles are covered. California's law covers all vehicles including large trucks, motorcycles, and motor homes which would not be covered under the federal law.

I believe we now have a good bill. By setting a federal level of consumer protection that is a floor rather than a ceiling, we will achieve the goal of protecting consumers from fraud while at the same time giving states the flexibility to implement a stricter definition for salvage vehicles.

I want to thank the Senator from Michigan. Together we have crafted an amendment that will protect the residents of our states and many others. I also want to thank the Majority Leader for his willingness to work with us to improve the bill. •

TRIBUTE TO COMMANDER LILIA L.
RAMIREZ, US NAVY

• Mr. D'AMATO. Mr. President, I welcome this opportunity to pay tribute to Commander Lilia L. Ramirez, U.S. Navy, who is retiring after eighteen

years of distinguished service to this nation. She stands out as a pioneer, a leader and an outstanding role model for young people in uniform.

Lilia's United States Navy career is testament to a true American success story. She was born in Bogota, Colombia, and emigrated to the U.S. when she was just five years old. Her parents, Alvaro and Ana Ramirez, were fleeing violence in the Colombian countryside in the early 1960's and sought a new life of security and promise for their children in America. Al and Ana settled in Bayshore, New York, and starting with little more than a confident spirit, went on to raise five extraordinary citizens through hard work, a determination to succeed, and a deep commitment to family.

Lilia is the eldest of the five children. She spoke only Spanish when she arrived in New York as a five-year-old. But Lilia excelled throughout her public education career, graduating with distinction from Brentwood High School and accepting an appointment to the U.S. Naval Academy as a member of the class of 1981, only the second class to have admitted women at Annapolis.

As a brand new Ensign, Lilia set sail for the Naval Communications Area Master Station Western Pacific in Guam, the first of three overseas assignments. While in Guam, Lilia deployed to the Indian Ocean aboard the submarine tender USS PROTEUS. One of just a handful of women aboard PROTEUS, she crossed the Equator with the ship and was proudly and courageously initiated as a Trusty Shellback in that time-honored sea faring ceremony.

Assignments in Europe followed, first in England as a Navy-Air Force Liaison Officer at RAF Mildenhall, where one evening on liberty she and two other Annapolis classmates saved the life of an elderly Briton they had come upon who had collapsed from a heart attack. Next she served at the U.S. European Command in Stuttgart, Germany, as the Officer-in-Charge of the Navy-Marine Corps Element in the headquarters' manpower and personnel directorate. While in Stuttgart, Lilia provided crucial after-action reporting and personnel support in the wake of a terrorist murder of our Naval Attache in Greece and the U.S. Marine Barracks bombing in Beirut.

After five years overseas, Lilia returned to the Washington, DC area to serve in several assignments, including the Navy Telecommunications Center at Crystal City, at the time the Navy's largest message center; the Navy's Bureau of Personnel, where she was personally involved in assigning a record number of women officers to pursue advanced technical degrees at the Naval Postgraduate School; and the Joint Staff's Command, Control and Communications Systems Directorate. On the Joint Staff, she coordinated the installation of command and control systems in the field offices of Customs, DEA

and the North American Air Defense Command as part of our national anti-drug policy.

In 1990 Lilia was assigned as Officer-in-Charge of the Personnel Support Detachment at Naval Air Station Whidbey Island, in the state of Washington. In this tour she was responsible for the pay, travel and career advancement matters of 8,000 service members and their families. Lilia returned to the Washington, DC area again in 1992 where she served as base commander of Naval Communications Unit Cheltenham, a 230-acre facility in rural Maryland. At Cheltenham she was responsible for 300 personnel, 19 tenant commands, and environmentally protected wetlands at her base, where she also played host to the local Boys Scouts Troop.

In 1994 Lilia began a tour in the Secretary of the Navy's Office of Legislative Affairs. Lilia was responsible for representing command, control, communications and tactical intelligence programs to the defense and intelligence committees of both the House and Senate. In addition to numerous informative visits to Naval communications and intelligence facilities throughout the U.S., Europe and Japan, Lilia also escorted congressional delegations to the refugee camps at Guantanamo Bay, Cuba, and to witness national elections in Nicaragua. In 1997 she was part of a team from the U.S. Naval Academy sent to Peru to advise the Peruvian Navy on integrating women into their naval academy.

Lilia was also a student at the Inter-American Defense College, where she again blazed a trail as the first U.S. Navy woman to attend that institution. She was an impressive ambassador of the U.S. Navy to her Latin American counterparts, where she was able to combine her native Spanish fluency and breadth of experience in national security affairs to forge lasting relationships with key civilian and military leaders of Latin America. She left them with enduring, positive impressions of women as military professionals.

Lilia's personal decorations include the Defense Meritorious Service Medal, the Meritorious Service Medal, the Joint Service Commendation Medal, and the Navy Commendation Medal (three awards).

The Nation owes a debt of gratitude to Lilia Ramirez, whose example will inspire women and Hispanics to seek public service and whose work will continue to have a lasting impact on our armed forces for years to come. While we will miss her distinguished career in uniform, we will no doubt continue to enjoy her commitment to community and nation. I wish to recognize her entire family, including father Alvaro, mother Ana (whom we lost just this year to cancer), brothers Michael and Henry, and sisters Angela and Ana Tulita, all great American success stories in their own right. Best wishes to

Lilia, husband Randall Lovdahl (Commander, U.S. Navy), and children Bianca and Beau as they mark this special milestone.●

STRUCTURED SETTLEMENT PROTECTION ACT

● Mr. BAUCUS. Mr. President, I am pleased to join today with Senator CHAFEE and a bipartisan group of our colleagues from the Finance Committee including Ms. CAROL MOSLEY-BRAUN in introducing the Structured Settlement Protection Act.

Companion legislation has been introduced in the House (H.R. 4314) by Representatives CLAY SHAW and PETE STARK. The House legislation is cosponsored by a broad bipartisan group of Members of the House Ways and Means Committee.

The Treasury Department supports this bipartisan legislation.

I speak today as the original Senate sponsor of the structured settlement tax rules that Congress enacted in 1982. I rise because of my very grave concern that the recent emergence of structured settlement factoring transactions—in which factoring companies buy up the structured settlement payments from injured victims in return for a deeply-discounted lump sum—completely undermines what Congress intended when we enacted these structured settlement tax rules.

In introducing the original 1982 legislation, I pointed to the concern over the premature dissipation of lump sum recoveries by seriously-injured victims and their families:

In the past, these awards have typically been paid by defendants to successful plaintiffs in the form of a single payment settlement. This approach has proven unsatisfactory, however, in many cases because it assumes that injured parties will wisely manage large sums of money so as to provide for their lifetime needs. In fact, many of these successful litigants, particularly minors, have dissipated their awards in a few years and are then without means of support.—CONGRESSIONAL RECORD (daily ed.) 12/10/81, at S15005.

I introduced the original legislation to encourage structured settlements because they provide a better approach, as I said at the time: "Periodic payment settlements, on the other hand, provide plaintiffs with a steady income over a long period of time and insulate them from pressures to squander their awards." (Id.)

Thus, our focus in enacting these tax rules in sections 104(a)(2) and 130 of the Internal Revenue Code was to encourage and govern the use of structured settlements in order to provide long-term financial security to seriously-injured victims and their families and to insulate them from pressures to squander their awards.

Over the almost two decades since we enacted these tax rules, structured settlements have proven to be a very effective means of providing long-term financial protection to persons with serious, long-term physical injuries through an assured stream of payments