that actual yearly compliance costs exceeds $2.7 billion. The OSHA regulations ended up costing $2.7 billion, but produced no measurable improvement in worker safety. How I wish we had done a cost-benefits analysis. Madam Speaker, rarely have so few done so much to harm so many. This is one more example of why we need regulatory reform and a moratorium on new regulations until we can sort all this out. OSHA is one agency that needs to be restructured, reinvented, or just plain removed.

MEMBERS URGED TO SUPPORT BUDGET-NEUTRAL APPROACH TO APPROPRIATIONS AND RESCISSIONS

(Mr. CHAMBLISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHAMBLISS. Madam Speaker, this week, the House will take up consideration of H.R. 889 and H.R. 845, the emergency supplemental appropriations and rescissions measures for fiscal year 1995.

Several weeks ago in his annual budget proposal, the President sent a $2.5 billion supplemental spending request to this Congress—funds to cover the costs associated with unplanned and unbudgeted military operations abroad.

Aside from the question of how vital these military missions were to the national security of our great Nation, the President failed to include in his request the necessary rescissions to pay for the missions.

Well, Madam Speaker, this President's supplemental request is nothing more than another rubber check written by the Federal Government. And in this case, it is the armed services and the American people who will pay the overdraft charges.

Fortunately, House appropriators have insisted on a budget-neutral approach to supplemental spending. Support H.R. 889 and 845.

APPOINTMENT OF MEMBERS TO REPRESENT THE HOUSE AT GEORGE WASHINGTON'S BIRTHDAY CEREMONIES

Mr. SCARBOROUGH. Madam Speaker, I ask unanimous consent that it shall be in order for the Speaker to appoint two Members of the House, one upon the recommendation of the minority leader, to represent the House of Representatives at appropriate ceremonies for the observance of George Washington's birthday to be held on Wednesday, February 22, 1995.

The SPEAKER pro tempore (Mrs. VUCANOVICH). Without objection, pursuant to the order of the House of today, the Chair, without objection, announces the Speaker's appointment of the following Members to represent the House of Representatives at appropriate ceremonies for the observance of George Washington's birthday, to be held on Wednesday, February 22, 1995: Mr. HORN of California and Mr. RICHARDSON of New Mexico.

There was no objection.

FEDERAL FOOD ASSISTANCE

(Mrs. CLAYTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CLAYTON. Madam Speaker, hundreds and hundreds of North Carolinians have written to me in recent days. They are concerned about a provision in the Personal Responsibility Act of 1995 that would convert Federal food assistance programs into block grants. Their concern is well placed. If the provision remains in the bill, Federal nutrition programs for our seniors and our young will not be the same. Thousands who we now feed will no longer be fed. However, the impact of this proposed change goes even deeper. Retail food sales will decline by $10 billion, farm income will be reduced by as much as $4 billion, and unemployment will increase by as many as 138,000. The stability of America's economy is at stake. From the grocery stores, large and small, to the farmer and food service worker—everyone will suffer. Most States will lose money. That is why I will offer an amendment to restore the Federal food assistance programs when H.R. 4 comes to the floor. The nutrition of our citizens should not be left to chance. We have a choice.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 5 p.m.

Accordingly (at 2 o'clock and 21 minutes p.m.) the House stood in recess until 5 p.m.

□ 1700

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. HEFLEY] at 5 p.m.

PERMANENT EXTENSION OF THE HEALTH INSURANCE DEDUCTION FOR THE SELF-EMPLOYED

Mr. QUILLEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 88 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 88

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 831) to amend the Internal Revenue Code of 1986 to permanently extend the deduction for health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and the amendment made in order by this resolution and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. After general debate the bill shall be considered for amendment under the five-minute rule. The amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted in the House and in the Committee of the Whole. The bill, as amended, shall be considered as read. No further amendment shall be in order except the amendment in the nature of a substitute printed in the report of the Committee on Rules accompanying this resolution, which may be offered only by Representative Gibbons of Florida or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against that amendment are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such further amendment as may have been adopted. The previous question shall be considered as ordered on the bill and any amendment thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. QUILLEN] is recognized for 1 hour.

Mr. QUILLEN. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume.

During consideration of this resolution, all time yielded is for the purpose of debate only.

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

Mr. QUILLEN. Mr. Speaker, House Resolution 88 is a modified closed rule providing for the consideration of H.R. 831, which makes permanent the 25-percent deduction for health insurance costs of self-employed individuals. The rule waives all points of order against consideration of the bill and provides for 1 hour of debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

The amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted in the House and in the Committee of the Whole, and all debate shall be confined to the bill and the amendment made in order by this resolution.

No amendment shall be in order except the amendment in the nature of a substitute printed in the report of the Committee on Rules accompanying this resolution, which may be offered only by Representative GIBBONS of

Florida or his designee. Such amendment shall be debatable for 1 hour equally divided and controlled by a proponent and an opponent of the amendment, and shall not be subject to amendment. All points of order against that amendment are waived.

Finally, the rule provides for one motion to recommit, with or without instructions.

Mr. Speaker, normally I would be opposed to this type of restrictive rule. However, it has been customary in the House to consider tax measures under partially or even completely closed rules. And this practice has been acceptable by both sides of the aisle. Chairman ARCHER and ranking member GIBBONS both requested a restrictive rule from the Rules Committee, and this is one of the rare instances when I agree that a restrictive rule is necessary.

Additionally, although the rule provides a blanket waiver, it is my understanding that only two technical budget act waivers are needed for this bill. Section 303(a) of the budget act prohibits revenue changes starting in a year other than the year of the current budget resolution. Because the changes in this bill to the earned income tax credit are effective in fiscal year 1996, a waiver of section 303(a) is required. Also, section 311(a) requires that revenues not fall below the levels in the current budget resolution. The bill is paid for over the 5-year period, but it is estimated to run a deficit in the first year. So it is necessary to waive this section also.

Mr. Speaker, H.R. 831 will help more than 3.2 million self-employed Americans by restoring the 25-percent deduction for health insurance costs of the self-employed. Currently, larger businesses can deduct the entire cost of health insurance for their employees as this is a legitimate business expense. There is no equivalent provision for the self-employed. This bill retroactively and permanently restores the 25-percent deduction, which expired at the end of 1993. By passing this legislation, we are making it economically possible for many self-employed to obtain health insurance coverage, thus reducing the number of uninsured Americans.

I am particularly pleased that this measure makes the deduction permanent so that our farmers, doctors, hairdressers, and so many others do not have to worry from year to year whether or not they can afford to keep their health insurance coverage.

Although there is wide bipartisan support for this effort, this bill is unfortunately not without controversy. To offset the loss of tax revenue, the bill terminates a program that allows the Federal Communications Commission to give tax breaks to corporations that sell their broadcast facilities to minority purchasers. Additionally, the bill phases out eligibility for the earned income tax credit to anyone who has more than $2,500 per year in interest and dividend income.

We will hear strong arguments against changing the FCC provisions, but the substitute amendment allowed under the rule, along with the motion to recommit with instructions, provides opportunities to address this issue. Mr. Speaker, I urge adoption of this rule, and I reserve the balance of my time.

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

Mr. Speaker, although no one expects an open rule on a tax bill, at the very least I had hoped Republicans would allow us to offer the three or four other major amendments debated at the Rules Committee.

In committee, Democrats offered a number of constructive amendments to improve the health care deduction and to change the financing provisions—to find some way besides a retroactive tax increase to pay for this.

At the Rules Committee, Democrats consolidated their proposals into four amendments:

First, the amendment by Mr. RANGEL funds the health deduction by preventing Americans who renounce their citizenship from avoiding their taxes;

Second, the amendment by Mr. CARDIN increases from 25 to 80 percent the portion of the cost of health care insurance that a self-employed individual could deduct from his or her taxes;

Third, the amendment by Mr. STARK extends protections under existing law to make health insurance portable. People leaving a job would still be able to purchase their insurance at the same cost plus 2 percent; and

Fourth, the amendment by Mr. MFUME allows the self-employed to deduct 100 percent of their health insurance costs. It is paid for by modifying estate and gift taxes.

At Rules, three amendments were defeated on straight party line votes.

Mr. Speaker, one of the biggest problems with this bill is that it includes a retroactive tax increase. Companies acting on good faith are about to have their tax deductions yanked out from under them simply because we cannot find the money to pay for the health insurance tax deduction.

Even though this is technically not a rate increase it is a retroactive tax increase and it will still cause tremendous financial shock to a great number of business people who trusted their Government not to go back on its word.

This retroactivity is completely contrary to the promises made on opening day. But Mr. Speaker, this should not surprise us. So what is new.

On January 5, the Republicans said committees could not meet when the House was considering amendments under the 5-minute rule; they said the contract would be considered under open rules; they said rules would only contain specific waivers, and they said there could be no retroactive tax rate increases.

But these days, committees meet all the time while the House is in session under the 5-minute rule.

There have been a whole lot of closed rules.

This rule waives all points of order.

And, this bill, the very first tax bill out of the gate, includes a retroactive tax increase.

I want to emphasize that I am very supportive of the major goal of this legislation, which is to restore the deductibility for the cost of health insurance premiums paid by self-employed individuals.

It is absolutely critical that this deduction be available to ease the financial burden that the self-employed must bear because of the high cost of health care coverage.

One of the reasons I was very disappointed we failed to enact a comprehensive health care bill last year was because of the difficulties the self-employed face trying to find affordable health insurance.

But I oppose this closed rule, and I urge defeat of this rule.

Mr. Speaker, I submit the following items:

First, a statement of the administration's policy supporting the tax deduction but opposing the outright repeal of the FCC tax break, and

Second, a description of rules granted to date.

STATEMENT OF ADMINISTRATION POLICY

H.R. 831—Permanently Extend the Tax Deductibility for Health Insurance Costs for Self-Employed Individuals (Archer (R) TX and 3 others):

As stated previously, the Administration supports the primary purpose of H.R. 831—to extend permanently the 25 percent tax deduction for health insurance premiums for self-employed individuals.

The Administration opposes one of the bill's offsets—i.e., the outright repeal of the current tax treatment for the sale of radio and television broadcast facilities and cable television systems to minority-owned businesses. The Administration has expressed its willingness to work with Congress to review what actions are necessary to ensure proper use of the provision but continues to oppose its outright repeal.

The Administration will work with the Congress to identify appropriate offsets to extend this important health insurance tax deduction.

Scoring for Purposes of Pay-As-You-Go:

H.R. 831 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990.

The Administration's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 831 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending and receipts will be reported to Congress at the end of the congressional session, as required by OBRA.

PAY-AS-YOU-GO ESTIMATES

[Receipts in millions]

	1995	1996	1997	1998	1999	2000	1995–2000
SE Tax	−493	−437	−474	−516	−563	−613	−3,096
FCC	+399	+449	+213	+220	+226	+233	+1,740
EITC	.....	+14	+277	+295	+309	+332	+1,227
Other	+12	+31	+34	+37	+40	+43	+197
Totals	−82	+57	+50	+36	+12	−5	+68

Note:
SE Tax=25 percent tax deduction for self-employed persons.
FCC=Repeal of current tax treatment on sale of broadcast facilities to minority-owned businesses.
EITC=Modification of the Earned Income Tax Credit.
Other=Change in Section 1033 of the Internal Revenue Code.

FLOOR PROCEDURE IN THE 104TH CONGRESS

Bill No.	Title	Resolution No.	Process used for floor consideration	Amendments in order
H.R. 1	Compliance	H. Res. 6	Closed	None.
H. Res. 6	Opening Day Rules Package	H. Res. 5	Closed; contained a closed rule on H.R. 1 within the closed rule .	None.
H.R. 5	Unfunded Mandates	H. Res. 38	Restrictive; Motion adopted over Democratic objection in the Committee of the Whole to limit debate on section 4; Pre-printing gets preference.	N/A.
H.J. Res. 2	Balanced Budget	H. Res. 44	Restrictive; only certain substitutes	2R; 4D.
H. Res. 43	Committee Hearings Scheduling	H. Res. 43 (OJ)	Restrictive; considered in House no amendments	N/A.
H.R. 2	Line Item Veto	H. Res. 55	Open; Pre-printing gets preference	N/A.
H.R. 665	Victim Restitution Act of 1995	H. Res. 61	Open; Pre-printing gets preference	N/A.
H.R. 666	Exclusionary Rule Reform Act of 1995	H. Res. 60	Open; Pre-printing gets perference	N/A.
H.R. 667	Violent Criminal Incarceration Act of 1995	H. Res. 63	Restrictive; 10hr. Time Cap on amendments	N/A.
H.R. 668	The Criminal Alien Deportation Improvement Act	H. Res. 69	Open; Pre-printing gets preference; Contains self-executing provision.	N/A.
H.R. 728	Local Government Law Enforcement Block Grants	H. Res. 79	Restrictive; 10 hr. Time Cap on amendments; Pre-printing gets preference.	N/A.
H.R. 7	National Security Revitalization Act	H. Res. 83	Restrictive; 10 hr. Time Cap on amendments; Pre-printing gets preference.	N/A.
H.R. 729	Death Penalty/Habeas	N/A	Restrictive; brought up under UC with a 6 hr. time cap on amendments.	N/A.
S. 2	Senate Compliance	N/A	Closed; Put on suspension calendar over Democratic objection	None.
H.R. 831	To Permanently Extend the Health Insurance Deduction for the Self-Employed.	H. Res. 88	Restrictive; makes in order only the Gibbons amendment; waives all points of order.	1D.

73% restrictive; 27% open. These figures use Republican scoring methods from the 103rd Congress. Not included in this chart are three bills which should have been placed on the Suspension Calendar: H.R. 101, H.R. 400, H.R. 440.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Florida [Mr. GOSS], a very valuable member of the Committee on Rules.

Mr. GOSS. Mr. Speaker, I thank the distinguished chairman emeritus of the Committee on Rules, the gentleman from Tennessee [Mr. QUILLEN], for yielding time to me, and let me first, at the request of the leadership, make a unanimous consent request.

PERMISSION FOR CERTAIN COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole House on the State of the Union under the 5-minute rule:

The Committee on Commerce;

The Committee on Government Reform and Oversight;

The Committee on Science; and

The Committee on Transportation and Infrastructure.

Mr. Speaker, it is my understanding that the minority has been consulted, and that there is no objection to these questions.

The SPEAKER pro tempore (Mr. HEFLEY). Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GOSS. Mr. Speaker, the House is moving expeditiously in meeting the pledges it made with the American people under the Contract With America. We continue to progress on issues of major importance to a clear majority of our constituents. Today we will act on legislation of great concern to many Americans—and one that has some sense of urgency with tax season upon us—the permanent extension of a 25-percent health insurance deduction for self-employed individuals. While this is a modified closed rule, all Members of this House seem to agree that certain types of highly complex bills—especially those involving the Tax Code—must be considered under carefully structured debate. I am pleased that we are able to provide for one amendment in the nature of a substitute to be offered by Mr. GIBBONS or his designee, which will allow those Members who came to the Rules Committee seeking changes in H.R. 831, a chance to have their views debated and voted upon.

I am delighted that H.R. 831 achieves a goal supported overwhelmingly by Members on both sides of the aisle. The deduction for the self-employed was unfortunately allowed to expire at the end of 1993, leaving many individuals and small businesses in limbo and at a distinct disadvantage under the Tax Code.

H.R. 831 takes an important step in providing some certainty to these folks, by making the extension of the deduction permanent. The goal is to establish the right mix of carrots and sticks so more people can secure health insurance. It was clear judging from the debate in the Rules Committee meeting last Thursday, that Members are eager to rejoin the larger issue of health care reform—of which H.R. 831 is only one small piece. I share that eagerness and look forward to a substantive debate on the whole picture of health reform in the coming months. In the meantime, I know there are some tangential issues raised by H.R. 831 that will prompt lively discussion on this floor—especially the side issue of minority preferences and the FCC—but I hope that the purpose of H.R. 831, providing a degree of fairness and reliability to the Tax Code for the self employed, will not be lost.

Mr. Speaker, I urge our colleagues to support this rule and to participate in this debate. I think it is going to be a good debate, with a good result.

Mr. MOAKLEY. Mr. Speaker, let me say that I am sure if I had the number of Members on this side that the gentleman has on his side, I would be sure it would be a good result also.

Mr. Speaker, I yield 7 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, I thank our colleague, the former chairman of the Rules Committee and presently ranking minority member, the gentleman from Massachusetts [Mr. MOAKLEY].

Mr. Speaker, I guess we ought to call this bill the clean-up of the messes of World War II.

I think the biggest accident that occurred in World War II—and I am talking now about political accidents or economic accidents—happened around this area of health insurance. As we may recall, early in 1942 the Congress decided that since wages and prices were going up so fast because of the number of people entering the military and because of the number of people who had to go into the new jobs that

were being created to fill the war effort, there was a great push on wages and prices, so wage-and-price controls were instituted in the United States. But American business people being the ingenious people they are found a way around all that by granting fringe benefits.

There fringe benefits had largely been nonexistent prior to World War II, but with the increases in taxes, and the impact of wage-and-price controls, and the shortage of labor, fringe benefits became very popular. They became the popular way of enticing people to work in a particular industry. So out of all of those fringe benefits, at the top of the fringe benefits came health care coverage. Health care insurance sprung out of all that wage-and-price control push in the early 1940's.

Let me explain this to those who are not fully familiar with how these benefits work. They work essentially like this: If you are the beneficiary of a policy, the person who provides it to you, your employer, usually a corporation, gets a tax deduction for that policy. There are some abuses in that tax deduction. Some people get very, very generous benefits with these insurance policies, something bordering on vacations, and there are others who get practically nothing. There is no requirement that the low-paid employees get the same amount as the bosses or the members of the board of directors.

☐ 1720

So we need to straighten all that up, and we should have done it long before this time, and we need to do it as rapidly as possible.

That is one deduction. Then there is an exclusion from income. Remember, we were trying to find a way around wage-price controls, and these were not wages, they were not income to the employee, so they gave the employee an exclusion from income of this big benefit, which was just the same as wages, but the Congress did not catch it in time and they got excluded from income of the employee.

So there are two huge tax benefits. The largest tax benefits you will find in the Internal Revenue Code revolve around this insurance arrangement I have just described here. So that is one of the things we are going to take a small step in straightening out today.

The gentleman from Washington [Mr. MCDERMOTT] will have a provision in there that extends the deduction and exclusion to those people in the country who are self-employed, in other words, a secretary or helper of a self-employed, or someone whose corporation or business does not give them a health insurance policy. He will allow those people who have been discriminated against horribly in our tax system and horribly in our health care system, if the substitute amendment passes, and I think it ought to pass, to get a tax deduction. It will have to be phased in, because we are talking about a lot of money, but it is the right and just thing to do for the self-employed who are covered by this bill, and the employees of the self-employed and by those employees who work for businesses who do not furnish health insurance. They ought to get the same kind of treatment of their income that employees do who work for a company who provides health insurance. If they buy the health insurance themselves, these employees will get an exclusion and a deduction. That is a good measure. It ought to be approved. It is in the amendment.

The other part of World War II that we are straightening out here has to do with a tax benefit that was granted because the Government had to seize certain radio channels for wartime purposes. Since the person that had their channel seized had no chance to reinvest their money right away in a new radio station, they got a rollover. Somewhere along the line, this rollover got turned into a benefit for minorities. That will be amply discussed in the debate to come.

A substitute will be available, and Mr. MCDERMOTT sitting right back here will handle the substitute. I have designated him to handle the substitute for the Democratic members of the Committee on Ways and Means, and he can adequately explain his substitute. I think it is a good substitute and I urge you all to vote for that.

I would urge Members in the process here to vote for the motion to recommit, because it really does right by people who have been hurt and hurt badly and unfairly, and to vote also for the McDermott substitute, because it does a fine job in making the necessary corrective efforts in the other tax benefit.

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

Mr. QUILLEN. Mr. Speaker, I yield 8 minutes to the gentleman from Texas [Mr. ARCHER], the distinguished chairman of the Committee on Ways and Means.

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

Mr. ARCHER. Mr. Speaker, I thank my friend for yielding and for bringing this rule before the floor. I think it is a fair rule. It gives the minority an opportunity to have an hour debate on their substitute and also gives them another opportunity to make a motion to recommit with instructions. I believe that this issue can be fully developed under that framework.

As the gentleman from Florida [Mr. GIBBONS] just completed saying, until December 31, 1993, the self-employed were permitted to deduct for tax purposes 25 percent of their health insurance costs. At that time, it was permitted to expire, and was not extended last year.

H.R. 831 not only restores the self-employed's 25-percent deduction for 1994, but also makes the deduction permanent, so it does not continue to go down this roller coaster road of being on again, off again without the certainty that the self-employed should have.

It is vital so that millions of self-employed individuals can avoid the expense of having to file an amended tax return for 1994. Hopefully we will get this bill out of the House today, pass it to the Senate, and hopefully it will be passed rapidly over there.

The $2.9 billion revenue cost of permanently extending the self-employed health insurance deduction is fully funded in this bill by several provisions that will greatly improve our Nation's tax laws. Because it is fully funded, it will not in any way increase the deficit.

First, H.R. 831 repeals the Internal Revenue Code section 1071, under which the Federal Communications Commission can grant, at its discretion, tax certificates deferring tax on the sale or exchange of broadcast facilities.

Section 1071 was enacted in 1943 to address problems arising from new Federal regulations forcing the sale of radio stations. Under general tax principles, gain on dispositions of property that is involuntarily converted, that is, property that is destroyed or taken by the government in a condemnation proceeding, is excluded from taxable income if the proceeds are reinvested in similar replacement property.

However, the involuntary conversion rules in effect at the time in 1943 did not apply to the sales of radio stations because of the scarcity of stations and there was no opportunity for reinvestment.

Congress believed, therefore, it was appropriate to liberalize the rules for the FCC-ordered sales and code section 1071 was enacted. The time has come to repeal section 1071 because the FCC has expanded the purposes for which it issues tax certificates far beyond Congress' original intent of addressing problems relating to involuntary sales of broadcast facilities.

More important, I believe it is wrong for the Congress to give authority to any agency to administer what is in essence an open-ended entitlement program with no constraints on the extent to which the agency can hand out tax benefits.

Clearly, this leaves a large tax loophole in the code. H.R. 831 would repeal this loophole and not, as my friend from Massachusetts said, retroactively, but rather to January 17, at which time notice was given by public press release that whatever action we took would begin on that date. It is prospective beginning January 17, and I would say to my friend from Massachusetts that if he supports the Democrat substitute, it has the same effective date of January 17. So we should disabuse ourselves of any charges of retroactivity that might occur in what we do today.

The bill's other offset for the cost of making the 25-percent deduction permanent is a tax change proposed by the Clinton administration to deny the earned income tax credit to persons

with more than $2,500 of taxable interest and dividend income. The administration stated in its proposal that under current law a taxpayer may have low earned income and therefore be eligible for the EITC, even though he or she has significant interest or dividend income. The EITC should be targeted to families with the greatest need.

The Committee on Ways and Means agrees with the administration. However, rather than deny the entire EITC when interest and dividend income reaches $2,500 as the administration proposed, H.R. 831 would phase out the credit as interest and dividend income increases from $2,500 to $3,150.

Thus, not only does H.R. 831 reinstate the self-employed's 25-percent deduction for health insurance costs, it also makes several other needed changes in our Tax Code. I urge my colleagues to support this rule.

Mr. MOAKLEY. Mr. Speaker, it gives me great pleasure to yield 7 minutes to the gentleman from New York [Mr. RANGEL].

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

Mr. RANGEL. My colleagues, I hope we take a good look at what is going on here today and see whether or not we want to project this type of conduct in the future.

First of all, the health benefits that we are talking about expired in December, and there should be very few, if any, Members in this House that would not want to continue to make certain that we give a deduction and we encourage the self-employed to have health insurance.

Now, the committee had notice that we were going to take care of this from last year, but then comes the question of how we are going to pay for this. And would Members believe the committee had no notice of how we were going to pay for this until a day or two before the actual meeting to markup.

Now, we have had the subcommittee of the Committee on Ways and Means study the question of Viacom and to report back to the full committee. Well, we have not had any report on this Viacom deal and how all of a sudden this was selected to pay for the extension of the health benefits.

Now, Members will tell you that Viacom received $400 million, $500 million as a result of selecting a minority, that a contract was signed and that this was not the intention of the legislation because originally it had something to do with radio and television people getting rid of their property because of the law.

But we also know that this law was amended. And the person that was the beneficiary of getting the minority station was working for the FCC under President Carter. And he has subsequently gotten four pieces of TV and/or radio stations as a result of the law.

And this one he was about to do except someone said it did not pass the smell test. No one said it was illegal. No one said it was immoral. No one said that it violated any regulations. And I assumed it would be just out of taste to say that because this guy was black and was enjoying the benefits of the law that was written by this Congress, that we have now said we are going to stop the deal.

Now, if we have been doing this type of thing all along with every S&L contract that did not pass the smell test, I would join in and say, anything that Congress does not like, let us get involved and stop it. It does not sound too Republican to me, keep the Government out of business. Let the free marketplace work its will. But I just wonder if we can issue a press release and put people on warning, is that the type of reliance that we want on our Tax Code?

My good friend, the gentleman from Texas, Chairman ARCHER, says we should not have the FCC making these determinations, that it should be with the Treasury or should be with the IRS. I do not have any problem with that. I never said it should be the FCC. But if we want to knock out preferences that minorities get so that they, too, would be able to be proud to see their images on the airwaves, that they would not have to look at themselves as being clowns and walking slowly and telling jokes and being demeaned as criminals or people on welfare, if we want Hispanics to be able to say that they can look with pride at their own programs, if we want the world to say that the United States is not sterile, it is not white, it is not male, it is a beautiful combination of a whole lot of cultures and the whole world is made up of these people and we should make certain that we are not talking about affirmative action and preferential treatment, we should have our board rooms and our airwaves reflect what America really is, people of all colors.

And if we are going to knock out the minority provision, we should at least have hearings on it and do it in the open rather than look at this one deal, knock this out retroactively and then say that, hey, by the way, we have got to knock out the whole section because we do not like the FCC involved in making the decision.

We could reform this. If we in our hearts wanted to make certain that everyone had an equal chance, maybe this law was bad. Maybe we should substitute it with something else. Maybe we could have hearings and come up with something. But, no, they say that they want to make certain that this does not happen again and they wipe it out completely.

Now, I want Members to think with me, because I am not an economist, but what we are saying here now is that somehow this Viacom was going to make something from $400 million to $500 million in tax benefits and deferred payments of their capital gains tax.

All I want to know is, if this deal was going to cause us to lose $400 million in revenue, how does canceling the deal, where there is no transaction, raise the money to pay for the health bill? We cannot have it both ways. If the Viacom deal was based on taxes, and it was, and we shattered the Viacom deal to Washington, where in the heck is the money being raised? There is no transaction here.

I submit to my colleagues, if we have to do health, do health. If we want to knock out set-asides, knock out set-asides. If we want to set aside the hopes and the dreams of minorities that had this, well, go ahead and do it. We have the votes to do it. But I am suggesting that we do not have to do it in the middle of the night. This is the beginning of a folly. It started in the campaign.

We now find some gentlemen who are running for President in the other body suggesting that if elected they will strike out all preferences, that 62 percent of angry white males voted for the Republican party. Well, I tell my colleagues this: close to 50 percent of the American people did not vote for anybody. I think America has gone a long way in getting rid of the vestiges of racism. We have a long way to go. But if we have differences in how to get along as brothers and sisters, if we have differences in how all of us should make certain that we are treated with equality, I say, do not do it in the middle of the night. Come up. If we differ, let us fight about it. But this is no place to be wiping out a minority tax preference and color it under the cloud that we are trying to improve the quality of health for the self-employed.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I hope that this body today passes the rule and the bill. This is real working people's legislation. We always talk about helping middle-class America; this will truly help middle-class America.

Mr. Speaker, if Mobil Corp. can deduct 100 percent in health insurance costs, then why cannot Ann Kirchner, a farmer in Shiocton, WI, deduct just 25 percent of her health insurance?

The answer is that Congress allowed the 25 percent health insurance deduction for small business to expire last year.

Under the current Tax Code, big businesses may deduct the cost of health insurance from their taxes. The self-employed farmer, shopkeeper, entrepreneur, or small business owner, however, cannot deduct a penny of their insurance costs.

Congress can right this wrong by passing this bill, H.R. 831, to allow 25 percent deduction for the 1994 tax year and to make it permanent thereafter.

Since 1986, we have always had this annual renewal. Let us make it permanent, and we are going to do that with this legislation.

H.R. 831 will take us one step closer to the goal of leveling the playing field between big business and the ordinary self-employed American.

I would like to add that today's legislation should be just a starting point in making our health care system fairer for the average American. Congress must expand on today's work by making health insurance 100 percent tax deductible for all Americans.

I hope that my fears are not well-founded, that we are going to go with the 25 percent and then forget it. If 100 percent is good enough for Mobil Corp., the big corporation in America, why is not 100 percent good enough for the farmer, the shopkeepers and others?

Mr. VOLKMER. Mr. Speaker, will the gentleman yield?

Mr. ROTH. I yield to the gentleman from Missouri.

□ 1740

Mr. VOLKMER. Mr. Speaker, I agree with the gentleman that 100 percent is only the fair way to do it.

Would the gentleman, if given the opportunity, support an amendment to make it 100 percent?

Mr. ROTH. Mr. Speaker, I would say to the gentleman, I would be happy to do that. That is exactly the goal I am shooting for. I want to make it 100 percent deductible for all Americans, from the farmer from rural Wisconsin to the boardrooms of urban America.

There are 3.2 million people affected by this, and this is going to be the first step in the Republican plan to restructure health care in America so we have a fair Tax Code, and I hope we pass this legislation to give the people a 25-percent deduction.

Then let us not forget that we want to make it as fair for the average American as we have made it for corporate America, and go ahead and have 100 percent deductibility for health care costs.

I thank the gentleman from Tennessee for yielding time to me.

Mr. VOLKMER. The gentleman can do it today, Mr. Speaker.

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

Because of the plea of the gentleman at the mike, Mr. Speaker, I think we will have a vote on the previous question, so the gentleman can vote against the previous question, and then put the amendment the gentleman wants in the bill.

Mr. Speaker, I yield 3 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Speaker, I thank the gentleman for yielding me this time.

This is a good follow-up to the last comment, Mr. Speaker. I went to the Committee on Rules on H.R. 831, to put in order an amendment that would increase the deduction for self-employeds to 80 percent, starting in the second year.

First, I want to congratulate the gentleman from Texas [Mr. ARCHER] and the gentleman from Florida [Mr. GIBBONS] for bringing this bill forward. This is a very important bill for self-employed individuals. They are filing their tax returns now. We do not want them to have to file amended returns, so it is important that we act promptly on this legislation.

Mr. Speaker, I support the bill. I supported the bill in the committee, and I will support the bill on the floor, but I was disappointed that the Committee on Rules did not make in order an amendment that would have allowed us to increase the 25 percent for the self-employed deductions to 80 percent. It could have been made in order. It was not.

Mr. Speaker, the tradition has been to protect many of the tax bills that come out of the Committee on Ways and Means, but there are only three other individuals was came forward to the Committee on Rules and asked for amendments to be made in order.

It would not have made it disorderly for those amendments to be placed in order by this rule, and I hope that we will not approve the rule in its current form. This bill is different than the bill filed by the gentleman from California [Mr. THOMAS] to extend the 25 percent for 1944 only. Many of us thought that would be the bill we would be acting on promptly. This bill extends it permanently, but at 25 percent.

My concern, Mr. Speaker, is if we extend it permanently at 25 percent, we are never going to get it up to the level of 80 percent, which I think is the right level.

Why 80 percent? Because the average business in this country pays 80 percent of the insurance premiums of its workers and it is entitled to deduct that entire 80 percent. To provide parity for self-employed people, if we allow them to deduct 80 percent of their premiums, we will have parity between the self-employed and the people who work for companies.

Mr. Speaker, is it important? Yes, it is. In 1986 we adopted a 25 percent deduction for the self-employed. It is estimated that 400,000 more people are insured as a result of that tax provision. However, there are still 3.1 million self-employed individuals who have no health insurance.

They are one and a half times more likely to have no health insurance than a company that can use the deduction of 80 percent, or what they can deduct on their insurance premiums. If the Committee on Rules would have made in order an amendment to increase this to 80 percent, we could have gotten more people insured.

I do not understand the logic for why that was not made in order. It was paid for in the amendment, it was in compliance with the rules, and in a sense of fairness, where the House can decide whether it should be 25 percent or 80 percent, why not let that amendment come before the House and be voted on by the House?

That is what my amendment and the amendment of the gentleman from Massachusetts [Mr. NEAL] provided for, and I would urge my colleagues to defeat the rule or the previous question so we can make that amendment in order, giving us the opportunity to vote for a higher percentage than 25 percent.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. QUILLEN] has the right to close.

The Chair recognizes the gentleman from Massachusetts [Mr. MOAKLEY].

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to my dear friend, the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL. Mr. Speaker, I thank the gentleman from Massachusetts for yielding time to me.

Mr. Speaker, I rise in opposition to the rule for H.R. 831. This legislation would restore and make permanent the 25 percent tax deduction for health insurance premiums for the self-employed. The deduction is paid for by a very controversial tax change.

This rule makes in order one and only one substitute. The markup originally scheduled on this Committee on Ways and Means was to restore the 25 percent deduction for 1994. It was my understanding at that time that the committee wanted to act on this legislation quickly in order to prevent individuals from filing amended returns. We are fast approaching the tax filing deadline for 1994, and in fact for farmers the tax filing deadline is on March 1.

It is also my belief that at a later date the committee was to address the issue of making the deduction permanent and increasing the amount of the deduction. However, the day before the markup we received notice that the markup was to make the deduction permanent, and it would be paid for with two tax provisions.

One of the revenue provisions, the repeal of Code section 1071, gives the Federal Communications Commission the authority to grant tax certificates deferring capital gains taxes on the sale or exchange of broadcast facilities to minority individuals or minority-controlled entities.

I am pleased the committee took action on restoring the 25 percent deduction for 1994. However, I am very concerned that the 25 percent deduction should be made permanent, but we should move on this very quickly with additional changes that the gentleman from Maryland [Mr. CARDIN] and I have proposed. The deduction should be increased.

During the committee markup, the gentleman from Maryland [Mr. CARDIN] and I offered a specific amendment to restore the deduction for 1994 and to increase the deduction to 80 percent for 1995 and 1996. This proposal would be financed by the same revenue offsets.

The amendment unfortunately failed on a party-line vote.

Mr. Speaker, we have testified in front of the Committee on Rules about our amendment. The Committee on Rules did not make our amendment in order, although they gave us a very courteous hearing, and there seemed to be general sympathy in the committee on both sides for our proposal.

This legislation is very straightforward. The amendments presented to the Committee on Rules by Committee on Ways and Means members were germane and substantially related to 831. This was not a situation where there were complicated issues in the legislation, or the amendment contained new revenue offsets.

The 25-percent deduction is extremely important as an issue for the self-employed. One quarter of self-employed Americans, 3.1 million farmers, and craftsmen, professionals, and small business proprietors have no health insurance. The self-employed are one and a half times more likely to lack essential health care coverage.

Mr. Speaker, the Tax Code should encourage the self-employed to pursue health insurance. The deduction would allow businesses to spend more on health care. There are approximately 41 medically uninsured.

We need initiatives to encourage working people to provide for health care coverage. An individuals's employment should not determine the tax treatment of their health insurance. Most importantly, on this occasion, this full House is fully capable of debating this issue tonight.

This is important to self-employed Americans across this Nation, and we should not have been denied the opportunity to offer the amendment proposed by the gentleman from Maryland and I.

Mr. Speaker, I firmly oppose this rule, and I urge those on both sides to proceed with a full debate and vote against this rule this evening.

The SPEAKER pro tempore. The Chair would ask the gentleman from Tennessee [Mr. QUILLEN] if he has additional request for time.

Mr. QUILLEN. Mr. Speaker, I have one additional speaker.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SOLOMON], the distinguished chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, there may be a lot more acrimony, if we hear any more of this rhetoric about closed rules around here.

Mr. Speaker, I just want to tell the Members in the minority, they never had it so good. No other minority in the history of this Congress was ever treated as good as they have been treated.

Mr. Speaker, let me tell the Members something else. We Republicans said to the minority, we said to my very good friend, the gentleman from Florida [Mr. GIBBONS], the ranking member of the Committee on Ways and Means, whatever he wants we will make in order. We want to be fair.

We made in order a rule that says the gentleman from Florida [Mr. GIBBONS] or his designee can offer any amendment that he wants. What is more fair than that? Then I hear all this talk, Mr. Speaker, about how some few Members are going to try to offer another amendment to shorten this exemption for the self-employed that we are making permanent here today.

□ 1750

Let me tell you something. We Republicans are not going to foul up the American people anymore. We are going to make this exemption permanent forever. And no other amendments are going to be offered on this floor that change that.

There is nothing more aggravating to a small businessman or to a farmer than to have Congress continue to micromanage their life. And that includes procrastinating and letting this exemption run out.

We should have done this bill last year, but, no, this Congress was too busy fooling around trying to get reelected. It is about time we got down to business. That is what this bill does.

I hear all this talk that some few Members are going to try to change the funding provision in this bill so as to wipe out the estate tax exemption. Nobody more than me, with 5 children and 4 grandchildren, resents that more.

Members are not going to reduce the inheritance tax exemption that citizens now have. We ought to be raising it to $1.2 million, not cutting it down to $200,000, which is what some few Members want to do.

Let me tell you something. Let's get this rules debate over. Let's get this bill out on the floor, and let's get up and vote for it one way or the other. We know what we are voting for. We don't need all this rhetoric.

Mr. NEAL. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to my good friend the gentleman from Springfield, MA, whom I have a lot of respect for.

Mr. NEAL of Massachusetts. I thank the gentleman for yielding. By the way, you were up for reelection last year, were you not, Mr. Chairman?

Mr. SOLOMON. I don't even remember it has been so long ago.

Mr. NEAL of Massachusetts. You are so confident, you do not have to worry about reelection. Those of us on our side, we have to worry about it.

Mr. SOLOMON. Let me tell the gentleman something. I represent a district that is 45 percent Republican, and I get 75 percent of the vote. That is how confident I am, because I represent the people. I don't come down here and talk out of both sides of my mouth.

Mr. NEAL of Massachusetts. Let me ask the gentleman a specific question if I might. I just want to say that in 7 years here I have never received a more courteous hearing from anybody on my proposals, when members on both sides of that committee agreed entirely with the proposal, at least verbally, that the gentleman from Maryland [Mr. CARDIN] and I offered, and then, despite the fact that everybody said, ''Yes, this is the correct posture, this is the right position, you're demonstrating the right attitude,'' and then we were told we could not offer our alternative.

Everybody there in that room that day agreed with us, I say to the gentleman from New York [Mr. SOLOMON]. Then they said, ''No, but you can't offer it.'' But I do thank the gentleman for receiving me in a courteous manner.

Mr. SOLOMON. If I had been in your shoes, I would have gone to my minority leader, and I would have said, ''This is what I want in that substitute.'' And I would have got it.

Mr. MOAKLEY. Mr. Speaker, I think the gentleman from New York [Mr. SOLOMON] will have to apologize to a lot of Members that he could not get their amendments through when he was the minority leader on the committee.

Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. I thank the gentleman from Massachusetts for yielding me this 2 minutes.

Here we go again, folks, another gag rule, just like we have been having right along. I can well remember the day after we were sworn in, the gentleman from New York said we were going to do open rules, at least 70 percent open rules.

Let us look at this week. We have got a gag rule tonight, tomorrow we get another gag rule, Thursday and Friday we get another gag rule. That does not sound like very much openness. How about a good amendment? The best amendment I have heard. ''You can't offer it.''

Some way, folks, you should realize that this House should be able to determine whether or not our small-business people, my farmers, who are paying $7,000, $8,000, $9,000 a year on health insurance but cannot deduct a penny, they ought to be able to do like big business. Big business controls down here. Big business gets a 100-percent deduction. But they do not allow my small-business people and my farmers to do that.

How can we do it? We can do it by defeating the previous question, and once the previous question has been defeated, that amendment will be in order. So a vote on the previous question is a vote whether or not you want 100-percent deductibility for your farmers, for your small-business people or if you do not want it. That is what it amounts to, I say to the gentleman from New York, very clearly. It is very clear for everybody. Nobody can deny the fact that if we defeat the previous

question, that amendment will be made in order.

So if you want to vote on it, now is the time, when we get right to the previous question, vote down the previous question, get the amendment in order, let the House decide this matter, and don't let it be stymied by the Committee on Rules.

Mr. THOMAS. Mr. Speaker, will the gentleman yield briefly?

Mr. VOLKMER. I yield to the gentleman from California.

Mr. THOMAS. I would ask the gentleman from Missouri that if the amendment to fund self-employed at 100 percent is offered, what will be the revenue source to cover the cost?

Mr. VOLKMER. The gentleman from Maryland and others who have developed the amendment have it. I do not know exactly, but they do have it developed.

Mr. THOMAS. I see.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. DREIER], a very valuable member of the Committee on Rules.

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

Mr. DREIER. Mr. Speaker, I thank the distinguished chairman emeritus for yielding me this time.

Mr. Speaker, I rise in strong support of this rule. It is a fair and balanced approach to a very important issue, trying to make permanent this very important deduction which farmers and small business men and women need if they are going to survive in this economy.

We have by addressing this apparently opened up the issue of health care reform. Mr. Speaker, we plan, when we get beyond the first 100 days, to move meaningful market-oriented health care reform legislation. But this is not the place to do that.

The measure here is very specific, it is being done under a fair and balanced process. Everyone has acknowledged that we should not be opening up the Tax Code for all kinds of amendments which could create many serious problems. This is the way that it should be done. I hope very much that my colleagues will join in supporting this balanced rule.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FATTAH].

Mr. FATTAH. Mr. Speaker, I thank the ranking member of the Committee on Rules for yielding me the time.

It was once suggested that what would it really mean if you won the world and lost your soul. It seems as though the great debate in the majority party's camp has been won by the David Duke faction. Because tonight under the guise of trying to help self-employed individuals, they want to snatch the rug out from up under a program that has been very meaningful for the tens of millions of African-Americans and Hispanic Americans throughout this country.

Today in America, there are over 18,655 broadcast licenses for radio, TV, and cable. Out of these 18,000 licenses, 332 are owned by minorities. When this program was put in place in 1978, 0.5 percent of these licenses were owned by minority group members. It is now 3 percent, a sixfold increase. Three percent of the 18,000 licenses, some 300 of them, because we encouraged through the Tax Code a process in which some of the sales of radio and TV stations could move from the old boys' network to a circumstance in which other people in this country could participate.

So we have this sneak attack this evening on the floor of the U.S. Congress. I guess even David Duke would not be proud because he was making it very plain about what his position was.

I guess now the majority, as the chairman, as the gentleman from New York suggests, is why don't they just be more open about what it is they attempt to do. Their Presidential candidates have suggested that this is going to be a critical issue and they want to win votes by dividing our country.

It is an unfortunate hour for this Congress and for our country.

Mr. MOAKLEY. Mr. Speaker, I urge a ''no'' vote on the previous question to make in order the Rangel amendment, the Cardin amendment, the Stark amendment, and the Mfume amendment.

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

Mr. QUILLEN. Mr. Speaker, to close the debate on this side, I yield 2 minutes to the gentleman from Illinois [Mr. WELLER].

□ 1800

Mr. WELLER. Mr. Speaker, I wish to thank the gentleman from Tennessee for the courtesy of yielding me 2 minutes of his time.

Mr. Speaker, I rise today to express my strong support for this rule and for H.R. 831 which will bring tax fairness to the little guy and especially millions of middle-class working Americans. This bill will restore the 25 percent health care deduction insurance for the self-employed. This sorely needed tax deduction was held hostage, as many will remember, by the Clinton government-run health care plan that was eventually rejected by the voters this past fall.

As a result 3.2 million families, including my own parents, self-employed farmers, will now be unable to deduct even 25 percent of the cost of health insurance for themselves and their families, unless we enact this legislation.

Major corporations are able to write off 100 percent of the costs of their health insurance. Yet, self-employed individuals, like my parents who run a fifth generation hog farm, may have to forgo insuring their family because they cannot afford the added cost. This situation will undoubtedly lead to thousands of Americans being added to the millions of those already uninsured.

H.R. 831 will restore at least part of the tax break that is currently available to corporations which the self-employed have come to rely on. This bill not only restores the deduction for last year, but also makes it permanent so that the self-employed do not have to travel down this road again, year in and year out.

Mr. Speaker, finally we have a Congress which is committed to bringing tax fairness to all Americans. Restoring the 25 percent health care deduction for the self-employed will help make health care more affordable. H.R. 831 is an important first step that must not be delayed.

Let us make the right vote and vote aye for the rule and H.R. 831.

Mr. QUILLEN. Mr. Speaker, I urge adoption of the rule. It is time that we get down to full debate on this measure and consider the substitute and go on with our business.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

PARLIAMENTARY INQUIRY

Mr. RANGEL. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman will state his parliamentary inquiry.

Mr. RANGEL. Mr. Speaker, it is my understanding that all points of order have been waived by the Committee on Rules, and my parliamentary inquiry is that if in fact there is no funding mechanism for the provision of extending health care for the self-employed, does the waiver of the point of order prevent anyone from going into the funding mechanism as it relates to the Budget Act?

The SPEAKER pro tempore. The rule does indeed waive all points of order against consideration of the bill.

Mr. RANGEL. I knew that.

But I am asking the Chair, when we have a violation of the Budget Act, and this is something that is very sacred to Republicans and Democrats, that the only thing that we have to do when we do not provide the funding for a particular piece of legislation is go to the Committee on Rules and ask them to waive any violation that we have as relates to the Budget Act? I mean is that the Chair's ruling?

Mr. SOLOMON. Mr. Speaker, I do not believe that is a parliamentary inquiry.

The SPEAKER pro tempore. The Chair will respond that the waiving of all points of order includes waiving of points of order when it concerns rules under the Budget Act.

Mr. RANGEL. So my last parliamentary inquiry is if we want a bill funded and we do not have the money for it, all we have to do is go to the Committee on Rules and tell them to waive it, and then we do not even have to fund it, is that correct? Is that correct, Mr. Speaker?

The SPEAKER pro tempore. The Committee on Rules does have the authority to waive all necessary points of order.

Mr. RANGEL. My point, Mr. Speaker, is that you can bust the budget.

The SPEAKER pro tempore. Does the gentleman have a further inquiry? The gentleman should not restate the inquiry over and over again. If the gentleman has another inquiry let him state it.

Mr. RANGEL. Then the Budget Act is not relevant when the point of order is being waived by the Committee on Rules?

Mr. SOLOMON. Mr. Speaker, that is not a parliamentary inquiry.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. VOLKMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Pursuant to the provision of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 191, not voting 13, as follows:

[Roll No. 146]

YEAS—230

Allard	Coble	Gilman
Archer	Coburn	Goodlatte
Armey	Collins (GA)	Goodling
Bachus	Combest	Goss
Baker (CA)	Cox	Graham
Baker (LA)	Crane	Greenwood
Ballenger	Cremeans	Gunderson
Barr	Cubin	Gutknecht
Barrett (NE)	Cunningham	Hancock
Bartlett	Davis	Hansen
Barton	Deal	Hastert
Bass	DeLay	Hastings (WA)
Bateman	Diaz-Balart	Hayes
Bereuter	Dickey	Hayworth
Bilbray	Doolittle	Hefley
Bilirakis	Dornan	Heineman
Bliley	Dreier	Herger
Blute	Duncan	Hilleary
Boehlert	Dunn	Hobson
Boehner	Ehrlich	Hoekstra
Bonilla	Emerson	Hoke
Bono	English	Horn
Boucher	Ensign	Hostettler
Brownback	Everett	Houghton
Bryant (TN)	Ewing	Hunter
Bunn	Fawell	Hutchinson
Bunning	Fields (TX)	Hyde
Burr	Flanagan	Inglis
Burton	Foley	Istook
Buyer	Forbes	Johnson (CT)
Callahan	Fowler	Johnson (SD)
Calvert	Fox	Johnson, Sam
Camp	Franks (CT)	Jones
Canady	Franks (NJ)	Kasich
Castle	Frelinghuysen	Kelly
Chabot	Frisa	Kim
Chambliss	Funderburk	King
Chenoweth	Ganske	Kingston
Christensen	Gekas	Klug
Chrysler	Gilchrest	Knollenberg
Clinger	Gillmor	Kolbe
LaHood	Norwood	Smith (NJ)
Largent	Nussle	Smith (TX)
Latham	Oxley	Smith (WA)
LaTourette	Packard	Solomon
Lazio	Paxon	Souder
Leach	Petri	Spence
Lewis (CA)	Pombo	Stearns
Lewis (KY)	Porter	Stockman
Lightfoot	Portman	Stump
Linder	Pryce	Talent
Livingston	Quillen	Tate
LoBiondo	Quinn	Taylor (NC)
Longley	Ramstad	Thomas
Lucas	Regula	Thornberry
Manzullo	Riggs	Tiahrt
Martinez	Roberts	Torkildsen
Martini	Rogers	Torricelli
McCollum	Rohrabacher	Upton
McCrery	Ros-Lehtinen	Vucanovich
McDade	Roth	Waldholtz
McHugh	Roukema	Walker
McInnis	Royce	Walsh
McIntosh	Salmon	Wamp
McKeon	Sanford	Watts (OK)
Metcalf	Saxton	Weldon (FL)
Meyers	Scarborough	Weldon (PA)
Mica	Schaefer	Weller
Miller (FL)	Schiff	White
Molinari	Seastrand	Whitfield
Moorhead	Sensenbrenner	Wicker
Morella	Shadegg	Wolf
Myers	Shaw	Young (AK)
Myrick	Shays	Young (FL)
Nethercutt	Shuster	Zeliff
Neumann	Skeen	Zimmer
Ney	Smith (MI)	

NAYS—191

Abercrombie	Geren	Neal
Ackerman	Gibbons	Oberstar
Andrews	Gordon	Obey
Baesler	Green	Olver
Baldacci	Gutierrez	Ortiz
Barcia	Hall (OH)	Orton
Barrett (WI)	Hall (TX)	Owens
Becerra	Hamilton	Pallone
Beilenson	Harman	Parker
Bentsen	Hastings (FL)	Pastor
Berman	Hefner	Payne (NJ)
Bevill	Hilliard	Payne (VA)
Bishop	Hinchey	Pelosi
Bonior	Holden	Peterson (FL)
Brewster	Hoyer	Peterson (MN)
Browder	Jackson-Lee	Pickett
Brown (CA)	Jacobs	Pomeroy
Brown (OH)	Jefferson	Poshard
Bryant (TX)	Johnson, E. B.	Rahall
Cardin	Johnston	Rangel
Chapman	Kanjorski	Reed
Clay	Kaptur	Reynolds
Clayton	Kennedy (MA)	Richardson
Clement	Kennedy (RI)	Rivers
Clyburn	Kennelly	Roemer
Coleman	Kildee	Rose
Collins (IL)	Kleczka	Roybal-Allard
Collins (MI)	Klink	Sabo
Condit	LaFalce	Sanders
Conyers	Lantos	Sawyer
Costello	Laughlin	Schroeder
Coyne	Levin	Schumer
Cramer	Lewis (GA)	Scott
Danner	Lincoln	Serrano
DeFazio	Lipinski	Sisisky
DeLauro	Lofgren	Skaggs
Dellums	Lowey	Skelton
Deutsch	Luther	Slaughter
Dicks	Maloney	Spratt
Dixon	Manton	Stark
Doggett	Markey	Stenholm
Dooley	Mascara	Stokes
Doyle	Matsui	Studds
Durbin	McCarthy	Stupak
Edwards	McDermott	Tanner
Engel	McHale	Tauzin
Eshoo	McKinney	Taylor (MS)
Evans	McNulty	Tejeda
Farr	Meehan	Thompson
Fattah	Menendez	Thornton
Fazio	Mfume	Thurman
Fields (LA)	Miller (CA)	Torres
Filner	Mineta	Towns
Flake	Minge	Traficant
Foglietta	Mink	Tucker
Ford	Moakley	Velazquez
Frank (MA)	Mollohan	Vento
Frost	Montgomery	Visclosky
Furse	Moran	Volkmer
Gejdenson	Murtha	Ward
Gephardt	Nadler	Waters
Watt (NC)	Wise	Wynn
Waxman	Woolsey	Yates
Wilson	Wyden	

NOT VOTING—13

Borski	Dingell	Radanovich
Brown (FL)	Ehlers	Rush
Cooley	Gallegly	Williams
Crapo	Gonzalez	
de la Garza	Meek	

□ 1823

Ms. DANNER, and Messrs. OWENS, SPRATT, and FAZIO changed their vote from ''yea'' to ''nay.''

Mr. FLANAGAN and Mr. CHRYSLER changed their vote from ''nay'' to ''yea.''

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. HEFLEY). The question is on the resolution.

The question was taken, and the Speaker pro tempore announced that the noes appeared to have it.

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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 229, nays 188, not voting 17, as follow:

[Roll No. 147]

YEAS—229

Allard	Doolittle	Jones
Archer	Dornan	Kasich
Armey	Dreier	Kelly
Bachus	Duncan	Kim
Baker (CA)	Dunn	King
Baker (LA)	Ehrlich	Kingston
Ballenger	Emerson	Kleczka
Barcia	English	Klug
Barr	Ensign	Knollenberg
Barrett (NE)	Everett	Kolbe
Bartlett	Ewing	LaHood
Barton	Fawell	Largent
Bass	Fields (TX)	Latham
Bateman	Flanagan	LaTourette
Bereuter	Foley	Lazio
Bilbray	Forbes	Leach
Bilirakis	Fowler	Lewis (CA)
Bliley	Fox	Lewis (KY)
Blute	Franks (CT)	Lightfoot
Boehlert	Franks (NJ)	Linder
Boehner	Frelinghuysen	Livingston
Bonilla	Frisa	LoBiondo
Bono	Funderburk	Longley
Boucher	Ganske	Lucas
Brownback	Gekas	Manzullo
Bryant (TN)	Gilchrest	Martini
Bunn	Gillmor	McCollum
Bunning	Gilman	McCrery
Burr	Goodlatte	McDade
Burton	Goss	McHugh
Buyer	Graham	McInnis
Callahan	Greenwood	McIntosh
Calvert	Gunderson	McKeon
Camp	Gutierrez	Menendez
Canady	Gutknecht	Metcalf
Castle	Hancock	Meyers
Chabot	Hansen	Mica
Chambliss	Hastert	Miller (FL)
Chenoweth	Hastings (WA)	Molinari
Christensen	Hayworth	Montgomery
Chrysler	Heineman	Moorhead
Clinger	Herger	Morella
Coble	Hilleary	Myers
Coburn	Hobson	Myrick
Collins (GA)	Hoekstra	Nethercutt
Combest	Hoke	Neumann
Cooley	Horn	Ney
Cox	Hostettler	Norwood
Crane	Houghton	Nussle
Cremeans	Hunter	Oxley
Cubin	Hutchinson	Packard
Cunningham	Hyde	Parker
Davis	Inglis	Pastor
DeLay	Istook	Paxon
Diaz-Balart	Johnson (CT)	Petri
Dickey	Johnson, Sam	Pombo

Porter	Seastrand	Torkildsen
Portman	Sensenbrenner	Upton
Pryce	Shadegg	Vucanovich
Quillen	Shaw	Waldholtz
Quinn	Shays	Walker
Ramstad	Shuster	Walsh
Regula	Skeen	Wamp
Riggs	Smith (MI)	Watts (OK)
Roberts	Smith (NJ)	Weldon (FL)
Rogers	Smith (TX)	Weldon (PA)
Rohrabacher	Smith (WA)	Weller
Ros-Lehtinen	Solomon	White
Roth	Souder	Whitfield
Roukema	Stearns	Wicker
Royce	Stockman	Wolf
Salmon	Stump	Young (AK)
Sanford	Tate	Young (FL)
Saxton	Taylor (NC)	Zeliff
Scarborough	Thomas	Zimmer
Schaefer	Thornberry	
Schiff	Tiahrt	

NAYS—188

Abercrombie	Gordon	Orton
Ackerman	Green	Owens
Andrews	Hall (OH)	Pallone
Baesler	Hall (TX)	Payne (NJ)
Baldacci	Hamilton	Payne (VA)
Barrett (WI)	Harman	Pelosi
Becerra	Hastings (FL)	Peterson (FL)
Beilenson	Hayes	Peterson (MN)
Bentsen	Hefley	Pomeroy
Berman	Hefner	Poshard
Bevill	Hilliard	Rahall
Bishop	Hinchey	Rangel
Bonior	Holden	Reed
Brewster	Hoyer	Reynolds
Browder	Jackson-Lee	Richardson
Brown (CA)	Jefferson	Rivers
Brown (OH)	Johnson (SD)	Roemer
Bryant (TX)	Johnson, E. B.	Rose
Cardin	Johnston	Roybal-Allard
Chapman	Kanjorski	Sabo
Clay	Kaptur	Sanders
Clayton	Kennedy (MA)	Sawyer
Clement	Kennedy (RI)	Schroeder
Clyburn	Kennelly	Schumer
Coleman	Kildee	Scott
Collins (IL)	Klink	Serrano
Collins (MI)	LaFalce	Sisisky
Condit	Lantos	Skaggs
Conyers	Laughlin	Skelton
Costello	Levin	Slaughter
Coyne	Lewis (GA)	Spratt
Cramer	Lincoln	Stark
Danner	Lipinski	Stenholm
Deal	Lofgren	Stokes
DeFazio	Lowey	Studds
DeLauro	Luther	Stupak
Dellums	Maloney	Tanner
Deutsch	Manton	Tauzin
Dicks	Markey	Taylor (MS)
Dixon	Martinez	Tejeda
Doggett	Mascara	Thompson
Dooley	Matsui	Thornton
Doyle	McCarthy	Thurman
Durbin	McDermott	Torres
Edwards	McHale	Torricelli
Engel	McKinney	Towns
Eshoo	McNulty	Traficant
Evans	Meehan	Tucker
Farr	Mfume	Velazquez
Fattah	Miller (CA)	Vento
Fazio	Mineta	Visclosky
Fields (LA)	Minge	Volkmer
Filner	Mink	Ward
Flake	Moakley	Waters
Foglietta	Mollohan	Watt (NC)
Ford	Moran	Waxman
Frank (MA)	Murtha	Wilson
Frost	Nadler	Wise
Furse	Neal	Woolsey
Gejdenson	Oberstar	Wyden
Gephardt	Obey	Wynn
Geren	Olver	Yates
Gibbons	Ortiz	

NOT VOTING—17

Borski	Gallegly	Radanovich
Brown (FL)	Gonzalez	Rush
Crapo	Goodling	Spence
de la Garza	Jacobs	Talent
Dingell	Meek	Williams
Ehlers	Pickett	

☐ 1831

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. HEFLEY). Pursuant to House Resolution 88 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 831.

☐ 1834

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 831) to amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes, with Mr. MCINNIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Texas [Mr. ARCHER] will be recognized for 30 minutes, and the gentleman from Florida [Mr. GIBBONS] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. ARCHER].

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am proud that the first bill out of the Committee on Ways and Means in this Congress is one that is so important to our Nation's small business community. H.R. 831 will finally make the self-employed's 25-percent deduction for health insurance costs permanent, ending the uncertainty that is accompanied in this provision since its enactment in 1986. H.R. 831 enjoys strong bipartisan support and strong support from the Nation's small business community. In fact, the National Federation of Independent Businesses has strongly endorsed H.R. 831 and opposes the McDermott substitute, and the NFIB will consider a vote on this bill as a key vote for the 104th Congress.

Mr. Chairman, I reserve the balance of my time.

Mr. GIBBONS. Mr. Chairman, I yield 3½ minutes to the gentleman from New York [Mr. RANGEL].

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

Mr. RANGEL. Mr. Chairman, my colleagues, some time ago some remarks were attributed to me indicating that I was calling my colleagues Hitler or suggesting that they were Nazis, and I want to publicly apologize to anyone that was offended or thought that the inference, as related to Hitler or to Nazis, had anything at all to do with the people I work with every day.

The point that I was trying to make and I make today, and perhaps not as well as I wish I could, is that during the time of the Holocaust, when the Jews were the targets of the failure of the German Government to provide a decent economy, he decided that he was going to scapegoat the Jews, but so many people that were also on his list, they never heard about what was going on. They did not believe that they were involved. The Christians were not involved. The Pope did not know what happened. Even Franklin Roosevelt never knew what happened. And today there are some people who say it did not happen at all.

An analogy that I was making, as bad as it may have been, is that there is an assault today on the poorest of the poor in the United States, an assault on Medicaid, an assault on our aged. There is an assault now even for minorities who are trying so desperately hard to be on an even playing field.

☐ 1840

It is not that I am talking about affirmative action. Heck. White folks have had affirmative action all their lives and their daddy's lives and granddaddy's lives. The only time blacks get affirmative action really is when it is time to go to combat and you see who is in the infantry and see who is flying the planes.

All we are saying is those airwaves belong to us just like they belong to you. And we are not asking for you to give us the money to buy them. This is some scheme that was created that allowed the seller to look for minorities, so that they would be able to be the beneficiary of what they do in the old boys club.

Now, I am saying if you do not like the scheme, let us come up with a better one. But do not use health care as a reason to knock out a preference that we have to allow Hispanics and Asians and native Americans just to be able to look at television and see on it something that we like to see for your wives an our families.

How dare anyone say that it is fair to tie up a good bill to extend health care to the self-employed with this vicious act without a hearing, without a report, just because someone says that this black guy got too big a deal.

I am telling you, if you do not like this deal and you feel that retroactively you can put out a press release or pass a law and knock out the deals, I wish I had known this when we had the savings and loan thing coming across, because we had some deals there that never passed the smell test. But this is what we are doing for the future.

Let me tell you this: You are firing the first shot across the bow regarding knocking out affirmative action and preferential treatment. We can use that tax code for other things too.

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume, simply to reply to the gentleman that

there was a full and open hearing in the oversight subcommittee of the Committee on Ways and Means on January 27 where all witnesses who were interested in the subject were invited to come and present their views.

Mr. Chairman, I yield 2 minutes to my friend, the gentleman from Texas, Mr. SAM JOHNSON, who has fought for the interests of all Americans, who nearly gave his life, and who holds the record for the longest period of time in solitary confinement of any military person in the history of this country, who sacrificed not just for one type of American, but for all types of Americans.

Mr. SAM JOHNSON of Texas. Mr. Chairman, I want to clear the air. This bill is not about race or about a Republican plan to dismantle affirmative action. This is about providing a permanent 25-percent deduction for health insurance to the 3.2 million hard-working self-employed Americans.

In order to provide funding for this deduction the Ways and Means Committee repealed section 1071 which is simply an FCC tax give away.

Section 1071 was created in 1943 by the FCC to give tax certificates to radio station owners that were forced to sell one station. Under FCC regulations, at that time, an owner could not have two stations in one market.

Since 1943, the FCC has ballooned section 1071 into a voluntary, loosely defined, unsupervised, open-ended tax giveaway entitlement program.

They have kept sparse records of the tax loss to the taxpayers, and how if at all, the program has enriched minority ownership. It is a program that has outlived its usefulness. Not to mention the fact that an independent agency should never be in the position of implementing tax policy, this has and will invite disaster. Tax policy is only made by Congress and should be carried out by the IRS.

Mr. Chairman, it is time to focus on the real issue at hand, giving the self-employed a richly deserved deduction to help cover their health costs for themselves and their families. Americans want, need and deserve relief. We say support the self-employed, support the passage of this bill.

Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. STARK].

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

Mr. STARK. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, we will be offering a motion to recommit, and I would like to talk with you a little bit about what this will do and what it will not do.

It will provide some peace of mind to 3.5 million Americans who, as we debate tonight, are counting the months until they lose their health insurance. If nothing else, Mr. Chairman, this changes nothing in the bill except to extend their coverage as we granted them in 1985 by a unanimous vote of the Committee on Ways and Means.

These people will lose their extended coverage because it expires between 18 and 36 months from the time they had a change in family status or lost their jobs for other reasons, and thereby would have lost their employee health insurance. No one will have to subsidize anyone. This is merely allowing those people to pay the full cost of their insurance, at no cost to the employer, no cost to the taxpayer.

How can we deny these people, 16 million families have taken advantage of this since 1985. There are each year 3 or 4 million people who because of divorce, disability, the plant closes, would not have insurance, voluntary private sector insurance. How can we deny those people the opportunity to extend their insurance, protect their families in the best American way?

Mr. Chairman, I urge you to consider this amendment. It has had bipartisan support. It is humane. It will not deter us from giving the deductibility to the self-employed.

So I ask my friends on both sides of the aisle to consider tonight a motion to recommit which will not deter us from what many of us support, and that is the deductibility of insurance cost for the self-employed. But let us take the fear out of the hearts of 3.5 million Americans tonight who will know that they may extend this coverage for their families, themselves, their disabled children, whomever, at no cost. No cost to the budget, no cost to the employer, no cost to anyone except those people who will have to work hard to pay the premiums to the private insurance company under which they are covered.

I urge Members to think hard and long about bipartisan support for the motion to recommit.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the respected gentlewoman from Connecticut, [Mrs. JOHNSON], the chairman of the Subcommittee on Oversight of the Committee on Ways and Means, who so ably conducted the hearings that brought this bill before the House today.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise in strong support of H.R. 831, a bill that permanently extends the 25-percent deduction for health insurance costs to the self-employed.

Mr. Chairman, for too long, millions of self-employed workers have lived with the uncertainty of not knowing whether they could deduct some portion of their health insurance costs from year to year. Enacted on a temporary basis in 1986, the deduction was extended several times, expired at the end of 1993 and was not renewed throughout 1994. Today, we finally have an opportunity to provide the certainty of a permanent deduction to the millions of small business men and women who form the backbone of our economy, driving its inventiveness and job growth.

I also want to emphasize that the cost of making the 25-percent deduction permanent is fully funded by tax changes that make our Tax Code fairer and simpler.

The major change is repeal of code section 1071, which allows the Federal Communications Commission to grant tax benefits with respect to sales of radio, television, and other properties. Enacted in 1943 to address problems with respect to the involuntary sales of radio stations arising from wartime restrictions on the availability of new radio property, this provision has been significantly expanded by FCC action to cover television stations, cable TV systems, personal communications services, and in 1978 to promote minority ownership of broadcast facilities by offering tax certificates to those who voluntarily sell stations to minority individuals or minority-controlled entities.

Not only has the FCC changed the purpose of tax certificates, but also increased the size of the transactions they are allowed to cover.

The size of transactions receiving tax benefits under section 1071 has also expanded. The total Federal and State tax benefits for one transaction, Viacom's sale of its cable TV systems recently in the news, may be in excess of half a billion dollars.

The Subcommittee on Oversight, which I chair, found in hearings that section 1071 gives the FCC unfettered authority to hand out tax breaks to promote whatever policies it deems appropriate. No other Federal agency has such authority and no Federal agency should have such authority.

In fact, when the FCC sought to review the worthiness of its tax certificate program, Congress stepped in and literally forbade the FCC from any oversight work at all. In sum, 1071 provides big bucks for a few with no demonstrative effect on minority ownership or program diversity.

The other major financing provision in this bill is a variation on a proposal in President Clinton's fiscal year 1996 budget to deny the EITC to individuals who have more than $2,500 in taxable interest and dividend income. The Ways and Means Committee believed it was more appropriate to phase out the credit, rather than have it end abruptly when dividend and interest income hits $2,500. H.R. 831 phases out the credit for taxpayers who receive between $2,500 and $3,150 of dividend and interest income.

To achieve this level of dividend and interest income, a taxpayer would need to have over $50,000 in savings assets. The administration believes—and I strongly agree—that the benefits of the EITC should go to low-income workers. It should not go to taxpayers with significant assets who otherwise have low earned income.

Mr. Chairman, making the 25-percent deduction permanent is extremely important. In addition, the funding provisions in H.R. 831 are changes that will

improve the fairness or administration of our tax laws. H.R. 832 deserves your strong support.

□ 1850

Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, I thank the gentleman for yielding time to me.

This is important legislation that we need to pass. The 25-percent deduction for self-employed individuals is an important tool for self-employed to have health insurance. And we need to pass it. I regret that the Committee on Rules and the rule that we passed does not allow me to offer an amendment, a bill that I have filed that would have increased the 25 percent to provide parity for the self-employed individual to what a business can deduct on the insurance premiums that they have for their employees.

We still have 3.1 million people who are self-employed who do not have health insurance. The 25 percent provision is important, but we should have had the opportunity to increase that to a fairer level so that self-employed people could have the same type of a tax advantage as those people who run businesses.

But we will have two other opportunities during this debate to expand access to health insurance to allow the private sector to provide more health insurance for their employees. The first will be on the Gibbons-McDermott substitute, which incorporates an amendment offered by the gentleman from California [Mr. STARK] that will allow the employees of the self-employed companies to be able to deduct their insurance premiums if their employer does not provide it up to the 25 percent.

This gives the employees the same parity as the company self-employed person has, and I would urge my colleagues to support the substitute for that reason to expand access to health care.

The second opportunity will be on the motion to recommit that will be offered by the gentleman from California [Mr. STARK]. That will extend COBRA beyond the 18-month period current law. This is at no cost to the employer. An employee who no longer is employed of a company, who wants to continue that health insurance in that group at 100 percent, actually it is 102 percent, by the cost of the employee would be able to continue that health insurance protection.

When we are seeing more and more people without health insurance today, why should not Congress, why should not this House provide greater opportunities for an individual to be able to get health insurance at no cost to the employer or government? So I would urge my colleagues to support the Gibbons-McDermott substitute. Support the motion to recommit that will be offered by the gentleman from California [Mr. STARK] so that we can expand health access with health insurance.

This bill is an important bill. We need to take care of this current tax year for the self-employed. But we also have the opportunity to go further, and I urge my colleagues to do that.

Mr. ARCHER. Mr. Chairman, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from Texas.

Mr. ARCHER. I thank the gentleman for his interest in raising the percentage of deductibility for the self-employed. I can assure the gentleman, as we move on into this year and we get into health care overall, it is intention of the chairman to try to move that percentage up.

Mr. CARDIN. I thank the gentleman very much. I know he is interested in that issue.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. CRANE], a member of the Committee on Ways and Means.

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

Mr. CRANE. Mr. Chairman, first I would like to salute my distinguished chairman for his efforts here to restore and make permanent the 25-percent health insurance deduction for the self-employed, something that should have occurred a long time ago, and he has finally adroitly addressed it.

Second, another reform in it is repeal of section 1071 of the tax code which has permitted an unconstitutional usurpation of the exclusive jurisdiction on the part of Congress and more specifically the House to originate tax policy. Tax policy has degenerated over a period of years and the lack of appropriate oversight into something that has been taken over in part in this instance by a Federal agency.

Finally, it ends the discriminatory provision that falls under the definition of affirmative action, because if affirmative action is dealing with minority rights, then what are the rights of minorities who are of Polish descent, of Irish descent, of Italian descent, German descent, Hungarian descent? It is long since overdue. I salute my distinguished chairman for having done it.

Mr. Chairman, I am proud to say that the first bill that has been reported to the House floor by the Ways and Means Committee this year, H.R. 831, sets us on a good course for tax policy in the 104th Congress.

The primary purpose of this bill is to permanently extend for the self-employed the 25-percent tax deduction for health insurance expenses. I would put emphasis on the word ''permanently'' because it raises a point that is worth noting in terms of tax policy. There are a number of deductions/credits in the tax code that are temporary in nature. Rather frequently, the Ways and Means Committee must decide whether to extend various expiring provisions. Consequently, every year hundreds of proponents flock to the Hill to lobby in support of the various provisions. This process is not only time consuming, costly, and unnecessary, but the temporary nature of these provisions is frankly unfair to the taxpayer. Taxpayers and businesses often never know from year to year whether they can count on a particular deduction or credit. In this case, the self-employed deduction expired December 31, 1993, meaning that those filing their returns for the 1994 taxable year with the April 15, 1995, deadline, still do not know whether they can take the deduction. This legislation will ensure that these hard-working individuals will not have to go through this kind of uncertainty again.

In my view, either these temporary deductions/credits are worthwhile or they aren't. If they are, let's make them permanent, and if they are not, let's eliminate them from the code altogether. I believe it is the intention of the Ways and Means Committee under the leadership of our fine new chairman, BILL ARCHER, to move in that direction. I will certainly do all I can to encourage the membership of the committee and the House to proceed accordingly. Moreover, I will look forward to the opportunity at a later date to consider raising the 25-percent deduction to a higher percentage. In the meantime, having the certainty that the deduction is going to be there is critical. As a member of the Ways and Means Committee who has dealt with this issue for many years, I can say with confidence that this credit helps literally thousands of individuals by encouraging health insurance coverage without the heavy hand of Federal bureaucrats.

Having touched on the principal purpose of this legislation, another aspect of the bill must be discussed. There are two items in H.R. 831 that have been incorporated into the bill to pay for the extension of the self-employed deduction. One of these items, specifically that portion of the bill which repeals section 1071 of the Internal Revenue Code, deserves further comment.

The history of this section is fully recited in the Ways and Means Committee Report 104–32. In a nutshell, current law attempts to promote minority ownership of broadcast facilities ''by offering an FCC [Federal Communications Commission] tax certificate to those who voluntarily sell such facilities to minority individuals or minority-controlled entities.'' This tax certificate results in substantial tax savings for the sellers in the transaction and that fact alone should be enough for those little imagination to realize how such a provision might be utilized.

Basically, as section 1071 has evolved, it is designed to work as an affirmative action program to encourage minority ownership of broadcast facilities. To be blunt, I view affirmative action programs as reverse discrimination and believe that in the long run they are detrimental to the efforts of minorities to break down some of the discrimination barriers that still exist because of the resentment such policies generate in the various classes of people not given the benefit. However, even if one supports the concept of affirmative action, it is not all clear that this program has actually resulted in long-term minority ownership of broadcast facilities as was intended. Rather, from the information that is available on the FCC program, it would appear that many of the deals are accomplished purely to take advantage of the certificate because we find the minority interest evaporating in a short period of time after the transaction has been triggered. Put another way, many of the deals

that take advantage of section 1071 are consummated with little or no interest in ensuring long-term minority ownership. Finally, I would contend that the FCC should not be making these type of decisions anyway—I do not believe it is wise to give the FCC the authority to carry out Federal tax policy. In short, it is my strong opinion that section 1071 of the code is ill-advised and must be eliminated.

Mr. Chairman, I urge my colleagues to vote in favor of this important legislation because it embodies sound tax policy.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Chairman, I thank the gentleman for yielding time to me.

I rise in support of the Gibbons-McDermott substitute to H.R. 831. This substitute provides an appropriate alternative to H.R. 831.

H.R. 831 extends the deduction for the health insurance costs of self-employed individuals. However, this provision is paid for with a controversial provision. This legislation would repeal Code section 1071, a provision giving the Federal Communication Commission [FCC] authority to grant tax certificates deferring capital gain taxes on the sale or exchange of broadcast facilities. The FCC has offered tax certificates to those who voluntarily sell facilities to minority individuals or minority-controlled entities.

We can successfully argue that there are some problems with Code section 1071. It has been estimated that a recent proposed sale of cable systems could result in deferred gain of $1.1 billion to $1.6 billion. Code section 1071 does need improvement, but it does not need to be eliminated.

I do not believe the original intention of this proposal was to give billion dollar tax breaks to the wealthy. The gentleman from Florida [Mr. GIBBONS] and the gentleman from Washington [Mr. MCDERMOTT] have developed an alternative which provides a much better solution. The Gibbons-McDermott substitute gives the section 1071 tax certificate program a smaller scope by limiting the amount of gain on the tax certificate to $50 million. This proposal would transfer administration of the program to the IRS.

The proposal adds several important safeguards to the certificate program. These changes are appropriate. We should try to fix section 1071 before we enact an outright repeal. The Gibbons-McDermott substitute preserves the purpose of the program and will eliminate the abuses.

We can all agree the 25-percent deduction for health insurance is important. This proposal also creates a 25-percent deduction for the purchase of health insurance by employees who do not receive employer-sponsored health insurance. I urge you to support the Gibbons-McDermott substitute. This substitute is a responsible vote. The self-employed will receive the deduction they deserve and the FCC certificate program will not be repealed without the proper consideration.

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan [Mr. CAMP], a valued member of the committee.

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

Mr. CAMP. Mr. Chairman, I thank the distinguished gentleman for yielding time to me, and I rise in support of H.R. 831.

Mr. Chairman, I rise in support of H.R. 831. This measure is a critical first step in eliminating a severe injustice to the self-employed in this country.

By allowing small business people, farmers, and entrepreneurs to deduct 25 percent of health care costs for them and their families, we are taking a first step to encourage people to provide health care for themselves and their families.

It is time that this Government realize that self-reliance is something to be encouraged, not discouraged.

This legislation will help provide a good environment for self-employed people, particularly in my district where many farm families are self-employed and desperately need this provision so they can afford adequate health care.

I also contend that we must view this as a beginning. I hope my colleagues will not only support this measure to permanently extend this deduction but also join me in pursuing legislation that will allow a 100-percent deduction for these vital members of our community.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to another valued member of the committee, the gentleman from Ohio [Mr. PORTMAN].

Mr. PORTMAN. Mr. Chairman, I thank the gentleman for yielding time to me.

As a former member of the small business committee who worked hard to get to this point last year, I can just say it is my great privilege to stand here tonight in support of the bill of the gentleman from Texas, Chairman ARCHER.

I am very pleased that we are here. In talking to people in my district, the two things I hear about the most is the need for fairness and consistency in our tax laws.

I think this bill goes a long way to ensure both. It is fair because here finally we are helping those people who have taken the risk, pursued the American dream and been out working for themselves and in turn have provided jobs for others.

These are the hairdressers, barbers, farmers, small business owners, shopkeepers, the self-employed. If corporations can duck their health care insurance costs, it is only fair that these people can as well, so this bill is about fairness.

It is also about certainty and consistency, certainty because it permanently reinstates the deductibility, which is extremely important, as the gentlewoman from Connecticut [Mrs. JOHNSON has noted previously.

At a time when we are trying to figure out how to get as many people as possible covered by health insurance, this is exactly the sort of thing we should be doing. This gives an incentive to the 3.2 million people out there who are self-employed who would like to get into health care insurance. It gives them an incentive to do so, and takes away the current disincentive.

Rather than just proposing a Government takeover of health care, we are actually trying to give the American people what I think they want, which is the ability to help themselves.

In Ohio alone this bill will make health insurance more affordable to more than 50,000 farm families, not to mention, again, the self-employed plumbers, mechanics, mom and pop grocery store owners, and so on.

The bottom line is that by beginning to level the playing field between individuals and businesses, we will allow many of the self-employed to purchase health insurance who would not do so otherwise.

This is not just theory. I have had plenty of farmers come up to me in my district and say it is worth taking the risk of not going with coverage because their families are relatively healthy, without the deduction.

With the deduction, doing their own cost-benefit analysis, which they do, they would in fact buy health insurance. Therefore, it is going to help, and it is exactly what we should be encouraging in health care. I am particularly pleased to see we are moving quickly to put this before the 1994 returns.

Again, I congratulate the gentleman for bringing this bill to the floor.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. PAYNE].

(Mr. PAYNE of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. PAYNE of New Jersey. Mr. Chairman, I rise in opposition to H.R. 831; more specifically, the section of the legislation that deals with the repeal of section 1071 of the Internal Revenue Code, tax assistance for minority broadcasters. The bill represents the beginning of a war waged by the Republican Party against any program that even suggests a hint of minority assistance.

Mr. Chairman, I am simply amazed by the level of hypocrisy exhibited by the majority leadership with regard to this particular issue. The Republican leadership claims that the repeal of section 1071 is necessary to offset the expenses created by the 25 percent tax deduction of health insurance costs for self-employed individuals, which is also proposed in H.R. 831.

This is totally false. The repeal of 1071 will not raise tax revenues. Most communications transactions, such as AT&T-Lin Broadcasting, Time-Warner, Viacom, and at least a dozen other enormous television transactions have been accomplished on a tax deferred basis.

Eliminating the minority tax certificate program will not result in additional tax revenue. Rather, sellers of communications properties will simply employ other tax deferred techniques, such as mergers, stock swaps, and public offerings.

If the tax certificate program is killed, minority sales will not occur. They will be restructured and accomplished by only large corporations.

Mr. Chairman, I heard someone mention, what about the Hungarians, what about the Romanians, what about the other people? There are 11,303 licenses so far. 300 of these are in the hands of minorities. When the question is asked, where are all these other people, they are in the 11,000 licenses which are held by the majority of people.

As we look at this proposed agreement between Viacom and Mr. Frank Washington, it was an opportunity for a minority entrepreneur to become 321 out of the numbers.

Mr. Chairman, I urge defeat of H.R. 831.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Chairman, I rise in support of this very important legislation which will permanently extend the 25 percent health care deduction for the self-employed, and retroactively implement the deduction so that our small business people can use this deduction in preparing their 1994 tax returns.

This legislation is very similar to a bill I introduced last year, and again in January, and I commend the chairman of the Ways and Means Committee for his expeditious handling of this important and much-needed legislation.

Our Small Business Committee held a hearing on this issue on January 20, and witnesses testified that approximately 400,000 people are able to purchase health insurance because of this deduction.

As important as it is to make this deduction available to our small business people for 1994, just as important is the provision to make the deduction permanent. In the past, Congress has dangled the deduction over the self-employed every year, temporarily extending the deduction since 1986. In passing this bill, we will be assuring small owners that they will be able to deduct 25 percent of their health premiums in the future. They can plan on it. We have heard from Small Business that because of lower cash-flows, the ability to plan is imperative if they are going to offer health insurance. Making this bill permanent and retroactive is probably the number one business issue that we have heard about this year.

But it is important to remember that even with a permanent 25-percent deduction, small owners are not given the same benefits which the Federal Government provides to corporations: The ability to deduct 100 percent of their health care premiums.

Later this week, I will be introducing legislation which will incrementally increase the 25-percent deduction for self-employed to 100 percent. Incentives to provide health insurance should be equitable, and my bill will increase the 25-percent deduction to 50 percent in 1997 and 1998, to 75 percent in 1999 and 2000, and 100 percent of premiums would be deductible beginning in 2001 and thereafter. Our small entrepreneurs deserve the same breaks we provide for large corporations. Please join me as a cosponsor of this bill. It is another real step toward a goal we all support—providing health care coverage for everyone.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Florida, Ms. ILEANA ROS-LEHTINEN.

(Ms. ROS-LEHTINEN asked and was given permission to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Chairman, I support the Gibbons-McDermott substitute protecting section 1071, which has helped to open up broadcast licenses to minorities. It will also tighten the provisions of this tax incentive to prevent potential abuse and insure that it will truly benefit minority owners.

If we fail to adopt this substitute, Mr. Chairman, we will be sending a message that we do not wish to continue this effort to encourage greater ownership by African-Americans, Hispanic-Americans, and other minorities in broadcasting. This provision was aimed at strengthening the FCC's efforts to make scarce broadcast air waves available to all Americans.

Minority participation in the ownership of radio and television stations has increased dramatically under this policy. Before 1978, minorities owned less than one-half of 1 percent of broadcast licenses. Today, 3 percent of all radio and television stations are owned and controlled by over 300 minority owners.

Many minority owners have testified that without this tax program, it would be difficult, if not impossible, for them to secure broadcast facilities. Section 1071 has made it possible for many to experience the American dream. By better serving the needs of the marketplace, it is truly a successful way of allowing our free enterprise to work for the benefit of all Americans.

Mr. Chairman, let us not participate in a rush to judgment to destroy this program, which has helped to open up access to the Nation's air waves for all of us.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. BUNN].

Mr. BUNN of Oregon. Mr. Chairman, I rise to offer my support to H.R. 831, the bill to restore the 25-percent tax deduction for health care premiums of the self-employed.

Mr. Chairman, as we know, President Clinton and the Democrat Congress got together in 1993 and passed the largest tax increase in our history. Their claim was that it only raised taxes on the richest 1 percent.

Yes, it did raise taxes on the rich, along with many others. It also raised taxes on some senior citizens who collect Social Security. It also raised taxes on self-employed individuals who pay for their own health insurance.

Last year, Mr. Chairman, Congress took away, with the President's approval, the 25-percent tax deduction for the health care premiums of the self-employed. It somehow conveyed the message that we care about the cost of corporations providing health care, we care about the employees of the corporations, but we do not care about the self-employed.

Mr. Chairman, it was a bad idea to remove the 25-percent deduction, and what we are doing today rights that wrong. I am pleased with our action.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Chairman, I rise in support of permanently extending the health care deduction for individuals, those that are self-employed, and I particularly salute the committee for making this change in the Tax Code permanent. There should be no doubt about that deduction and the existence of that deduction.

I also salute the committee for perfecting the Earned Income Tax Credit tax preference so it is much better written, so those who really, truly are in need will get what they have to have in order to be able to work and continue to take care of their family.

However, Mr. Chairman, I do disagree with the third part of this piece of legislation before us. We will have a substitute later in the evening that strengthens this program to assure that minorities have a real stake in the ownership that they want so desperately. It transfers this program from the FCC to the Internal Revenue Code, where it belongs, and it makes it possible for us to have fairness in our communications.

□ 1910

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. BARTLETT], who has spent so much time and effort in seeing that the self-employed would continue to get this 25-percent tax deductibility on their insurance premiums.

Mr. BARTLETT of Maryland. Mr. Chairman, I rise in strong support of this legislation. It addresses a matter of fairness. For years now corporations have been able to deduct the full cost of health care premiums for their employees. The self-employed have been able to deduct only 25 percent. In the future we need to address this inequity. But tonight we address even a worse inequity. That is, that even this 25 percent is not now available. This is because this was a casualty of the failed health care debate in the last Congress.

When we look at who this affects and recognize that companies that had from zero to 4 employees produced more than 90 percent of all of the new jobs during the past recovery, we see that this is a group that can ill-afford this kind of discrimination.

For this reason I submitted H.R. 696 and am delighted that this bill to reinstate this for 1994 is incorporated in the present legislation. Now self-employed people all across the country can file their tax returns and take the 25-percent deduction for their health care premiums.

Again I would like to thank the chairman of the committee. We have now interrupted our 100-day contract legislation to enact this legislation. This sends a message how important we think this is for the American people.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, I rise in strong support of taking immediate action to restore the 25-percent deduction on health insurance. This deduction has long been available, should never have been allowed to expire last year, and prompt action tonight can retroactively reinstate this important deduction for self-employed people. Swift action will allow them to take the deduction without having to go through the expense and hassle of amending their returns.

We must recognize, however, Mr. Chairman, that this action is but step 1 of the road to parity in treatment of health insurance. Businesses, corporations have a 100-percent deduction. Individuals should be allowed no less. That is the concept implicit in H.R. 52, legislation I drafted on the first day of the 104th Congress which now enjoys the cosponsorship of 74 additional Members of this Chamber, both Republican and Democrat in roughly equal measure.

The reasons are clear. It will first of all restore tax fairness and tax equality, corporation to individual. Second, it promotes the affordability of health insurance coverage so that in this time when too many people cannot afford the coverage, coverage becomes more affordable through allowing the deduction.

Action is necessary tonight on this measure. Because while many people, most Americans face an April 15 tax filing deadline, the farmers I represent in North Dakota and throughout the country face a March 1 filing deadline. Prompt action this measure will allow this deduction. That is why I so strongly support this bill.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. ENGLISH], a valued new member of the Committee on Ways and Means and a New Member of the House.

Mr. ENGLISH of Pennsylvania. Mr. Chairman, I rise in strong support of H.R. 831. In it we propose to permanently expand access to health care for farmers and other small business people and to finance it by closing a grotesque tax loophole whose time has come and gone. The tax preference we are eliminating does not help the underclass. It does not help the poor and disadvantaged. It only helps the rich and well-connected who know how to game the system.

The American people cannot understand why we have a tax loophole that allows investors in a $2.3 billion conglomerate to save over $500 million on their taxes in order to give a $2 million profit to one businessman who happens to be a minority. That businessman as it turns out is the same retired Federal bureaucrat who designed this tax program in the first place.

Mr. Chairman, I urge my colleagues to end this abuse, improve health care for the self-employed, and pass this bill.

Mr. GIBBONS. Mr. Chairman, I reserve the balance of my time.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. FORBES].

Mr. FORBES. Mr. Chairman, I rise today in favor of H.R. 831, a bill to permanently restore the 25 percent tax deduction for health care premiums paid by the self-employed.

The last Congress refused to renew this provision and it is important to the small business community. On eastern Long Island, small businesses are the job creators, the staple of our local economy. From Montauk to Smithtown and Patchogue to Port Jefferson, the hard-working, self-employed owners of small businesses are struggling under excessive taxes and burdensome regulations. These entrepreneurs cannot afford to hire new employees and rejuvenate our lagging local economy while the Federal Government demands more and more of small business earnings. Permanently restoring the 25 percent health care deduction for the self-employed is a good step in the right direction.

The issue is really about fairness. Currently large businesses are allowed to deduct the entire cost of health care premiums for their employees and their families. On the other hand, self-employed business owners must pay 100 percent. It is basically unfair and this reverses that unfairness.

The Nation's small businesses are the backbone of our economy, and it is time we gave them this break. I urge my colleagues to embrace H.R. 831.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentleman from California [Mr. TUCKER].

Mr. TUCKER. I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong opposition to H.R. 831. My colleagues have pointed out that this is the right problem to attack. As a member of the Committee on Small Business, I certainly appreciate the need for a 25-percent deduction for self-employed business owners.

Mr. Chairman, this may be the right problem, but it is certainly the wrong solution. It is the wrong approach and the wrong attempt to corret this problem.

I have heard people talk about fairness. Certainly this is totally unfair. We are talking about trying to address one situation on the backs and on the burden of something that is totally unrelated. What I call it is laser-beam legislation. We have reached throughout the whole mass of laws and of matters and have zeroed in on one particular transaction dealing with Viacom and said that it would now be retroactive in order to repeal minority preferences and minority set-asides in order to fund this particular need for health care insurance for self-employed or businesses.

Once again, Mr. Chairman, it is the right problem but it is the wrong solution. As has been pointed out by my colleague, the gentleman from New York [Mr. RANGEL], certainly these savings are not savings at all. The reasoning is fallacious. So the $400 million that my colleagues have said would be saved are chickens that are really not counted.

In actuality what we are talking about is a very egregious attempt to dismantle and to disempower minority businesses and minority access to the FCC.

Mr. Chairman, it is for these reasons that I strongly oppose H.R. 831.

Mr. ARCHER. Mr. Chairman, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvaniva. Mr. Chairman, I rise to speak in behalf of H.R. 831. Recently a Member of this body compared in a press commentary the actions of Congress to those of Adolf Hitler and the Third Reich.

As a Member of the Congress of Jewish faith, I am personally troubled by those kinds of inappropriate comparisons. Invoking the image of Hitler, especially in contrast to this great body, is an insult, I believe, to Jews and anyone who respects the American Congress and the important work we were sent here to do.

As the gentleman from Texas [Mr. ARCHER], the chairman, has stated, ''By the use of inflammatory comments, you do democracy a deep injustice.'' This is all the more surprising with the fact that the Holocaust Museum is only 1 mile from the Capitol.

□ 1920

The United States in 1995 is vastly different from Germany in 1941 when people were exterminated for simply being who they were.

I support this legislation, a sound measure which will benefit the people of all races and is not intended to harm anyone. We need to pass this legislation, Mr. Chairman, so all people without regard to race, creed, national origin, or sex can afford health care insurance.

This bill permanently extends the now lapsed 25-percent deduction for health insurance costs. This is not an assault on the poor nor an issue of us and you. This is not about race. This is an opportunity for millions of Americans to have health care which they would not otherwise be able to afford.

Small business owners throughout my district of Montgomery County, PA come to me and ask for assistance to acquire health care. That is a good bill which benefits all people and deserves our support.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE. Mr. Chairman, how pained I am to have to stand here this evening to be able to talk about two jangled chords again. I certainly do appreciate the gentleman from Texas in his effort to deal with issues that all of us wholeheartedly agree on, and that is working men and women. But I have to rise to support the Gibbons and McDermott substitute which is not yet on the floor, which is about to raise the issue of health insurance suggesting that we can do this in a better way.

We clearly can provide for those who are self-employed, but in addition to that we can provide a tax deduction for employees whose employers do not subsidize their health care. We can do this in conjunction with not turning back the clock that has been so evenly supported by Republican and Democratic Presidents alike, Reagan, Clinton, and Bush.

I think it is important to realize, as William Raspberry said in his column in the Washington Post, are we really there yet, the kind of question your little one would ask you on a 100-mile trip. We are not there yet for equal opportunity for minorities. Why would we want to match and mix-match the issues of self-employed and working Americans with the question of opportunity in the purchase of Broadcast media for minorities which is long overdue?

We really need to emphasize that the electronic media and the opportunity to access purchasing media by minority business persons is a good thing to have happen. It is a good thing to have happen under conditions established by the Federal Government because it can document that minorities have a long way to go to own these stations.

Let us do the right thing; be fair to the self-employed. Let us be fair to those who are employed by the self-employed and let us be fair to minorities who would seek an opportunity to buy these wonderful stations that would serve the American people.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. TORKILDSEN].

Mr. TORKILDSEN. Mr. Chairman, I thank the gentleman from Texas for yielding me this time. I rise in strong support of H.R. 831, the bipartisan bill to restore the permanent 25-percent health insurance deduction for self-employed Americans.

Presently, self-employed Americans cannot deduct any of their health insurance premiums. In contrast, corporations, both large and small, enjoy 100 percent deductibility, as a cost of doing business.

This deduction is a positive first step to help the self employed provide themselves with health insurance, while providing a boost to our economy and adding a small degree of fairness to the tax code. Eventually, I hope we will increase this deduction to 100 percent for the self employed.

Self-employed business owners are not asking for a government hand-out. They are simply asking for fairness and the same tax break that every corporation receives.

Perhaps the most positive part of this legislation is that it is permanent. As any business owner knows, the ability to plan long-term and set business priorities over time is critical to not only growth and prosperity, but also survival. In the past, self-employed business men and women have been at the mercy of congressional reauthorization.

I urge my colleagues to vote for this bill.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. WATERS].

(Ms. WATERS asked and was given permission to revise and extend her remarks.)

Ms. WATERS. Mr. Chairman, so far the debate has been about the proposed 25-percent health deduction for the self-employed. Now I support that. And I support that part of the substitute that allows for tax deduction for workers whose employers do not contribute to their health plans.

But let me speak about the unspeakable. I am opposed to this bill because it dismantles an extremely viable and important program that allows participation by minorities in the broadcast industry. And the concept is now new.

Back in 1943 the U.S. Government created an affirmative action program which authorized the FCC to provide tax relief for broadcast owners who were essentially part of monopolies. That was during World War II. This was not an affirmative action law for programs for blacks or Hispanics or women. It was affirmative action for white broadcast owners.

Twenty years later the FCC used the same framework, the same law to provide the tax preference for those broadcast companies who would sell to minority-owned firms. This was done to open up ownership opportunities to minorities and to basically promote diversity in an all white, male-dominated industry.

Now today we are asked to vote to dismantle this program. There are those who would argue it is too expensive and those who would say it is race-based. Is it too expensive that the Viacom deal will respond to get these tax benefits? They are only using the law in the way that it was framed. It is only fair that we continue to allow those who are playing by the rules to do so. Viacom will get its tax deferments. They should not be looked on as someone who is doing something wrong.

I ask Members to oppose this bill because it is basically unfair and it attempts to eliminate those who are simply trying to play by the rules.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. LATHAM].

Mr. LATHAM. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today to commend our Ways and Means Committee Chairman, the gentleman from Texas, Mr. BILL ARCHER on his outstanding efforts to retroactively reinstate the 25 percent deductability of health insurance for self-employed. Small business people and farmers.

This is one of the most important issues in my congressional district where tens of thousands of working families must purchase their own health insurance policies. More than a dozen other freshmen representatives joined me late last week in sending a letter to the leadership in both Houses requesting the earliest possible movement on this issue.

I understand that there are great time pressures we have imposed on ourselves with the Contract With America and members of the minority party want to delay our timetable with a motion to recommit.

However, restoring this tax deductability before March 1, in time for farm families to file their returns should be a point of bipartisan cooperation, and I hope we can move forward quickly.

Mr. GIBBONS. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. FLAKE].

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

Mr. FLAKE. Mr. Chairman, I rise in support of the McDermott substitute, and against any rescissions of preference for minority broadcasters.

I rise today to speak on H.R. 831, the health insurance deduction/minority broadcast preference.

Mr. Chairman, by all means, I support extending health care benefits to all Americans. However, the question now becomes how do we pay for this measure?

Mr. Chairman, I believe that it is extremely cynical for this Republican Congress to propose eliminating the minority broadcast preference in order to fund an important health care provision when just last year they killed the health care bill.

Mr. Chairman, sometime in the near future, we will visit the welfare reform debate, and I can assure you that the deficit hawks will favor reducing entitlement programs and converting

funds into block grants to the States in an effort to reduce moneys spent on welfare programs.

Mr. Chairman, my colleagues on the other side consistently argue that Americans should work hard and play by the rules. However, Mr. Chairman, it appears from this bill that when some Americans work hard and play by the rules the rules are arbitrarily changed.

Mr. Chairman, this bill is being rushed through this Congress with virtually no debate. But more appalling, this bill is retrospective to January 17, 1995 for the sole purpose of eliminating the viacom deal.

Mr. Chairman, let us as Americans rise above the racial divisiveness that cripples our great nation.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. OBERSTAR].

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

Mr. OBERSTAR. Mr. Chairman, for our national broadcasting communications system, which operates on the public airwaves, to serve our diverse population, ownership of broadcast stations must reflect that diversity.

The purpose of the minority tax certificate program is to offer minorities a means to own broadcasting facilities.

This is not a quota system and it is not a setaside. It is the use of tax law to achieve a desirable social goal—opportunity for minorities to buy and operate broadcasting stations.

One such minority-owned station, KBJR–TV in Duluth, MN, in my district, is owned by Granite Broadcasting Corp. KBJR–TV has long offered thoughtful, informative coverage of native Americans in northeastern Minnesota.

□ 1930

If there are abuses with the program, they ought to be assessed, addressed, and repaired. They should not be an excuse to eliminate this program, which the committee bill would do.

The Gibbons-McDermott substitute will retain and reform the existing tax preference for sales of broadcast companies to minority-owned firms.

I fully support the health insurance deduction provisions of the bill and especially support the McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 1½ minutes to the gentleman from Louisiana [Mr. MCCRERY], a very valued member of our committee.

Mr. MCCRERY. Mr. Chairman, I rise in support of H.R. 831, a bill which will make permanent the 25 percent deduction for health insurance for the self-employed. We should strive to make health insurance more affordable, and this bill does that. It will make business expenditures by small businesses more certain, as they will be able to rely on the 25 percent deduction for purchase of their health insurance, unlike past years when the temporary deduction expired, leaving the self-employed in doubt as to their true costs.

Should we go further by increasing the percentage of the health insurance costs of the self-employed which are deductible, or by extending this deduction to workers whose employers do not provide them with health insurance? Yes, and some of us will be working hard in the months ahead to include those even more attractive incentives in the Tax Code. But for now, it is important that we take this step in the right direction, important to make permanent this tax deduction that the self-employed have come to rely on.

And a quick word, Mr. Chairman, about the proposal in Mr. STARK's motion to recommit to extend indefinitely the period of time which a former employee may remain on his former employer's health insurance.

Mr. CARDIN stated that such an extension would impose no additional costs on employers. In fact, Mr. Chairman, an indefinite extension of Cobra benefits not only imposes increased costs on employers, but, either directly or indirectly, imposes increased costs on the remaining employees in the business. The data shows that, when faced with paying their own premiums, former employees who are healthy seldom opt to continue their insurance, taking a chance that they will not require substantial medical care before getting another job which provides insurance. On the other hand, former employees with health problems continue on their former employer's insurance which drives up the cost for the whole group.

Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. JEFFERSON].

Mr. JEFFERSON. Mr. Chairman, I rise to oppose section 2 of H.R. 831 regarding the ''Repeal of Nonrecognition on FCC Certified Sales and Exchanges.'' I strongly support the objectives of H.R. 831 concerning the need to permanently extend the deduction for health insurance costs of self-employed individuals, however, I oppose the funding mechanisms suggested.

Passing H.R. 831 would in effect repeal the FCC's Tax Certificate Program that the FCC administers under I.R.C. section 1071. The Tax Certificate Program was implemented to allow sellers of broadcast or cable facilities to defer capital gains taxes on the sales of broadcast or cable facilities. Because this is only a deferral of tax and not a waiver or elimination of it, ultimately, all parties involved will pay capital gains tax on the profits.

The mischaracterization of this program as one which is a tax exemption is incorrect.

I.R.C. section 1071 was enacted to effectuate the FCC's policies and goals relating to: First, promoting a diversity in obtaining broadcast licenses; second, preventing possible monopoly ownership of broadcast facilities, and third, stimulating reinvestment in the broadcasting business.

Despite the efforts of the FCC to achieve diversity, the results have been less than impressive. Specifically, when the FCC implemented the provision relating to minority ownership, minorities owned less than 1 percent of all broadcast licenses. Since the adoption of the Tax Certificate Program, approximately 300 tax certificates have been awarded by the FCC for broadcast licenses and cable sales in the 17-year history of the program. During the same period, however, there have been approximately 15,000 broadcast license transactions. These figures demonstrate that although the program has led to an increase in minority ownership, the increase only represents approximately 3 percent of ownership since the enactment of the Tax Certificate Program. Clearly, more must be done to provide an opportunity for minorities to fully participate in the ownership of broadcast licenses, thereby providing programming diversity. More importantly, the number of licenses issued to minority-owned business would likely be far less without the Tax Certificate Program.

Mr. Chairman, there has been no reliable documentation demonstrating that the repeal of the Tax certificate Program will result in any additional tax revenue in the future. It is far more likely that sellers will find alternative methods to structure broadcast license sales that minimize the tax impact of the transaction. Additionally, cancellation of the program will eliminate a vital means for minorities to acquire ownership of broadcasting licenses, thereby reducing the FCC's goals of providing programming diversity.

To ensure achievement of these goals and policies of the FCC, the FCC should be allowed to reform the current tax certificate program to provide implementation as provided in the Gibbons—McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. COLLINS], a valued new member of the committee.

Mr. COLLINS. of Georgia. Mr. Chairman, I thank the gentleman, the chairman of the Committee on Ways and Means, for yielding me this time.

Mr. Chairman, I rise in support of H.R. 831, and I commend the chairman and the members of the Committee on Ways and Means for brining this measure to the floor of the House. It is an important issue, that of restoring and making permanent the deduction for the self-employed, those who purchase health care insurance for them and their families.

I am pleased, too, to hear the chairman say that later on this year we are going to address the issue again, and we are going to increase that deductibility from 25 percent upward to hopefully 80 or 100 percent.

Also I support repealing the authority of the FCC to grant special tax favors to those who sell communications assets. I regret there are those in this

body who want to lead others to believe that this is going to prevent the sale of any asset or any communications system. There is no provision in H.R. 831 that will prevent the sale to anyone.

H.R. 831 will, though, require anyone who does sell such assets to pay taxes on the gain of that sale, just the same as any other working American pays taxes on the profits that they earn or the income that they earn or any business, who sells an asset and has a gain.

Mr. Chairman, I urge the support of the passage of 831, and I urge opposition to any substitute or any motion to recommit.

Mr. GIBBONS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as I said earlier in the debate, we are cleaning up some messes that began way back in World War II. They need to be corrected. I am sorry we did not get to them sooner. Some of them just became apparent recently.

In the McDermott-Gibbons substitute, and I have designated the gentleman from Washington [Mr. MCDERMOTT] to handle that time and that proposal under the rule, we will make some substantial and some equitable changes in the broadcast licenses provision and also in the health care provision. The McDermott-Gibbons substitute takes the licensing provision and makes it a true minority participation device and not the kind of device that now exists. It is an improvement on the spirit of the provision as it was inculcated in the law way back in the 1940's.

Also, the Gibbons-McDermott, or McDermott-Gibbons, substitute provides for a more equitable distribution of the health care benefits that we are passing out here. As I pointed out in general debate, this is largely a leftover event from World War II where the whole idea of fringe benefits and the exclusion of health care insurance benefits from taxation all came about in a World War II accident that occurred here on the floor.

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So, cleaning up those matters—and they ought to be done—and then Mr. STARK will come in with a motion to recommit that helps us by extending the COBRA benefits indefinitely to people who want to pay, out of their own pocket, the health insurance they had when they were an employee.

So those are the kinds of things we are advocating here.

Mr. Chairman, I yield the remaining time to the gentleman from South Carolina [Mr. CLYBURN].

The CHAIRMAN. The gentleman from South Carolina [Mr. CLYBURN] is recognized for 30 seconds.

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

Mr. CLYBURN. I thank the gentleman for yielding time to me.

Mr. Chairman, I wish to support the alternative to what is being proposed. As Members know, all of us agree that there ought to be a way to pay for the 25-percent deduction of health insurance. This issue is not about that at all. I think that we know, from those of us who have been dealing with health insurance and its reform, that this is something we support.

Mr. Chairman, I rise in opposition to this legislation. Let me first make this clear, I strongly support a 25-percent deduction for health insurance costs for self-employed individuals. This deduction has long been allowed and should continue. However, the financing for the permanent extension should not come from the repeal of the minority tax certificate program administered by the Federal Communications Commission.

Since 1978, the FCC has developed its program of tax certificates, under Internal Revenue Code section 1071, which encourages minority ownership of telecommunications properties. The program has led to a five-fold increase in minority ownership of radio and television broadcast stations, and to an increase in minority ownership of cable systems, as well.

This program, which allows a seller of a telecommunications property to defer gain on an FCC-approved sale to a minority interest, has enjoyed bipartisan support. In 1982, a Reagan administration-controlled FCC both extended the policy to cable systems and expanded the program to include investors who contribute to the stabilization of a capital base of a minority enterprise. Every year, from 1987 to 1994, Congress has repeatedly supported this program in annual appropriations legislation. Through a legislative rider, Congress has, among other edicts, prohibited the FCC to retroactively apply changes to this program. The current rider expires at the end of the 1995 fiscal year.

While the FCC is currently forbidden by law to retroactively affect the tax certificate program, this legislation is now asking Congress to do just that: Repeal the minority tax certificate program retroactively to January 17, 1995, which we all know is targeted at a deal between the Viacom company and an African-American businessman. This request comes after lightning-quick and less than adequate consideration of this program by the Committee on Ways and Means. On February 8, 1995, the full committee, acting solely on the one hearing on the issue, reported H.R. 831 without amendment.

Tax certificates make it possible for minorities to gain access to two vital ingredients needed to achieve ownership: information available about broadcast properties and access to capital. Tax certificates encourage brokers to seek out minorities as prospective buyers of broadcast properties. Without the program, minorities are less likely to be informed of prospective sales.

The importance of the tax certificate program to all participants in the telecommunications field, the inadequate consideration by the Committee on Ways and Means, the bill's retroactive effect raise serious questions about the direction this body is going in, with respect to affirmative action.

Mr. Chairman, I urge my colleagues to vote against this legislation.

Mr. ARCHER. Mr. Chairman, to close debate, I yield the balance of our time to the gentleman from California [Mr. THOMAS], chairman of the Subcommittee on Health, who has done such an outstanding job already in this Congress.

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

Mr. THOMAS. Mr. Chairman, I thank the chairman of the committee for yielding this time to me.

Mr. Chairman, I have to say to my colleagues over on this side of the aisle in the minority that this is not your only opportunity to solve the health care problem. I know some of you may be anxious. We waited the entire 103d Congress for a health care measure to reach the floor. We waited in vain. Here we have an opportunity to deal with health care in the first month or so, and you may be thinking this is the only train. To that I say no; you will get ample opportunity to make changes to solve our health care problems in subcommittee, in committee, and, yes on the floor.

I think this underscores the fact that we are under new management. I want to make three points about being under new management.

First, the Democrats, in 1986, gave the self-employed a token 25 percent deduction for health care. And kept them on a hot skillet dancing ever since.

In 1994, the self-employed deduction expired. And now, as tax time comes, the self-employed are wondering whether or not they are going to be made whole since the provision expired in 1993. The answer is ''yes.''

In subcommittee we heard ample testimony that this is absolutely needed.

Is it enough? Of course not. But all we are trying to do in this measure is extend current law and cover those people who, through no fault of their own, were left exposed last year. That is all we are doing. A modest measure.

We are not trying to rethink the inequities of the tax code for all people, including those individuals who work for a corporation who are not provided their health insurance by that corporation.

The self-employed are second-class citizens, the McDermott amendment wants to make those individuals who work for corporations who do not provide health care third-class citizens. They do not even get the self-employed level of deduction up front. So, clearly, you have concerns, Gee, I wish your concerns had been made more apparent in the last Congress; we could have moved legislation in this area.

The second point I want to make is the rules under which we are examining this legislation. Not only was the minority afforded a substitute of their choice, but; my colleagues on the Democratic side have said we want this and this and this. You had an opportunity to put your package together. You did that.

Not only that, the majority provided the motion to recommit. So you get

two bites of the apple. That is something that we on this side of the aisle in the minority of the past would like to have had but often times were denied. We are not denying that to you. Clearly, there has been a change.

In committee, you had in front of you the legislative language that is in front of you now, and you had it ahead of time. That rarely occurred under the old management. The complaint that you only had the legislative language a day or two ahead of time pales when we used to deal with conceptual approaches announced the day of the hearing.

Third, what November was really all about.

The election in November was about change, not just doing the positive things legislatively as we are doing now and will do more of, but it was also to examine laws on the books that do not make any sense and get rid of them. And that is exactly what we are doing here tonight.

You have heard this provision, which is funding health care for the self-employed, characterized a number of different ways.

I think you need to know that, one, we are talking about turning what is now a tax break for millionaires, not minorities, the people who have the companies get the tax break, not the people who are buying them; and we are turning those tax breaks into health care for ordinary citizens.

When you look at all of those self-employed, you are talking about millions of Americans but, more importantly, you are talking about a provision that on average provided benefits for 14 millionaires every year and converting that to 350,000 African-Americans and Hispanic-American business owners getting provided some health insurance. That, it seems to me, is what November was all about, take a tax break for the rich and provide benefits for the many. That is what November was all about. That is what H.R. 831 is all about.

Support H.R. 831.

Mrs. LINCOLN. Mr. Chairman, as the author of my own bill to extend a tax deduction to the self-employed for health insurance, I rise today in support of the efforts of the House to restore and permanently extend the tax deduction for 25 percent of health insurance costs for self-employed individuals. However, it is my opinion that we should go even further by providing a 100-percent tax deduction.

During this Congress, I introduced the Health Insurance Equity Act of 1995, which would have given this 100 percent deduction to our self-employed. I believe that the small businessmen and farmers who are the economic backbone of my district, and rural America in general, should enjoy this same privilege that corporate America currently enjoys.

However, if we are to provide relief to our self-employed workers who are paying high prices for health insurance, we must support the legislation that is presented before us tonight. In addition, we have an opportunity to vote to extend the 25 percent tax deduction for health insurance premiums to employees whose employers do not subsidize their health insurance. If our goal is to help people help themselves, then I see no reason why we should not support this provision.

Mr. Chairman, it is time to face the facts about purchasing health coverage today. Many of the 37 million uninsured are small business owners. Health care costs averaged $3,160 per person in 1992, with current increases projected to run in double digits through the end of the century. Prescription drug costs in many cases have risen more than 60 percent since 1985. My constituents are asking for relief.

It is imperative that we enact this piece of legislation today to show our constituents that we understand the problems they are facing. Therefore, I urge my colleagues to support congressional efforts to provide much-needed relief by helping to make health insurance more affordable for the hard-working citizens of our country.

Mr. ORTON. Mr. Chairman, I rise in strong support of H.R. 831, legislation to restore and make permanent the 25-percent deduction for health insurance costs for the self-employed.

In fact, I have cosponsored and supported similar legislation since first being elected to Congress. I cosponsored H.R. 784 in the 102d Congress and H.R. 162 in the last Congress. Both bills would have made this deduction permanent and expanded it to 100 percent over time.

Mr. Chairman, this is a simple matter of fairness. When Chapter C corporations provide health insurance benefits for their officers and other employees, they enjoy full tax deductibility. However, if individuals take the initiative and start their own business, we deny them the right to deduct health insurance premiums.

Prior to the end of 1993, we did allow a 25-percent deduction for health benefits. However, due to congressional infighting and the need to comply with PAYGO requirements, this meager 25-percent deduction expired. Last summer proposals to reinstate and expand this to 100-percent deductibility were incorporated into comprehensive health care reform proposals. When health care reform died, so did chances for reinstatement of this provision.

We need to do two things. First, we need to pass H.R. 831 and get it enacted into law quickly. The odds are overwhelming that we will pass this eventually. Let's do it quickly to avoid the burden of taxpayers having to file first without the deduction, then refile at a later date, claiming a refund.

Second, we should move to enact 100-percent deductibility in the very near future. There is no policy justification for a mere 25-percent provision. That has come about from our inexcusable failure to resolve this issue on a permanent basis. As we consider a wide range of tax proposals this spring, I hope we will make enactment of a 100-percent health care deduction for the self-employed a high priority.

Mrs. KELLY. Mr. Chairman, I rise in strong support of H.R. 831, which will take the long-overdue step of permanently extending the 25 percent deduction for health insurance costs for the self-employed.

Small business is the country's most important motivator for innovation, job creation and economic growth. Creating a successful small business takes guts, determination, and hard work, but it represents the very best of the American dream.

I know this firsthand, Mr. Chairman. Both myself and my husband are small business owners. We both have experienced the satisfaction of creating successful small businesses, creating new jobs, and contributing to our community.

However, we have also felt the onerous tax and regulatory burdens that stand in the way of successful small businesses today. Self-employed small business owners face a number of very unique problems, and the disparity in the tax treatment of health insurance costs represents one of the more troublesome of these.

I believe tonight's vote is a referendum on tax fairness. Our Tax Code currently provides large corporations with a 100 percent deduction for health care insurance premiums. Unless we act and pass this legislation, however, self-employed entrepreneurs will be forced to shoulder the full cost of their insurance premiums.

Making permanent the 25-percent deduction will take a small but needed step toward restoring a degree of equity in the manner in which we treat small business in this country.

Let's support our small businesses, Mr. Chairman, by passing H.R. 831. And once we have accomplished this goal, I believe we should take the next logical step and raise the deductibility for the self-employed to 100 percent.

Mr. STOKES. Mr. Chairman, I rise in strong opposition to H.R. 831. I must first make it clear that I have consistently supported the extension of a health insurance deduction for self-employed individuals, but I cannot support the unacceptable way this bill seeks to pay for such a deduction. This legislation represents the majority's first direct attempt to attack affirmative action. If is cynical and repugnant to me that this bill seeks to—under the guise of helping Americans—attack an equal opportunity for all Americans. This flawed and hurried legislation should not only be defeated because it fails to consider the consequences of the bill, but represents a clear attack on equal opportunity for minorities in America.

The bill before us will not only attempt to undo an important civil rights accomplishment of the U.S. Congress, but also seeks to undermine the spirit of legislation intended to promote freedom of speech and economic opportunities for minorities.

The stated purposes of H.R. 831 is to extend health insurance benefits. This bill would retroactively eliminate section 1071 of the Internal Revenue Code, that authorizes the Federal Communications Commission to provide certificates to sellers of broadcast properties to minorities. These certificates allow the seller to defer taxation on the gain from the sale, and encourage minority participation in broadcasting. Section 1071 creates a preference that is designed to achieve a remedial and legitimate public policy goal.

While I agree that Congress should make health care available to all Americans, the despicable attempt to play self-employed

workers in need of health insurance against minorities in need of business opportunities is reprehensible. This tactic represents the worst in politics and I am ashamed that such a racially divisive measure has even been proposed. This legislation goes well beyond its legitimate objective of providing health care. In fact, this bill is specifically designed to inhibit the will and conscience of the American people by eliminating financial incentives for a program the current majority has long sought to weaken, if not totally eliminate: Affirmative action.

A measure of this kind requires detailed analysis of the impact it may have on the American people, but no such review has or will take place. The facts show that this bill is now before us without the requisite hearings, subcommittee oversight or even sufficient time to review the bill itself.

Adding to the cynical approach employed by this legislation, I am sad to see that this law is retroactive and has been engineered to take the unprecedented step of eliminating a particular transaction. This kind of legislation against individuals establishes a dangerous precedent.

As a representative of the urban district of Cleveland, OH, I have witnessed the severity of the racial and economic problems this Nation and its inner cities now face. The need for diversity in the media is clear. Ending monopoly ownership by a single community of the primary means for informing, educating and entertaining Americans is essential in a free society that seeks the free and diverse expression of ideas. Prior to the implementation of section 1071, the FCC unsuccessfully attempted to diversify broadcast ownership. It has only been with the implementation of section 1071 that many minorities who grew up in segregated America have had a real chance to participate in broadcasting.

All Americans loose with the legislation because the elimination of opportunities to make broadcasting look more like America perpetuates the stereotypes, racist attitudes, and misunderstandings that always accompany ignorance. In today's global economy we must overcome such ignorance in favor of a more open and inclusive broadcast system.

Perhaps the most negative impact of this proposed legislation will be on congressional efforts to end discrimination and exclusion through affirmative action. Within the last two decades, affirmative action has been the primary tool that has allowed minority and women workers to break through the many barriers of discrimination that have helped to keep them unemployed, underpaid, and in a place where there is little or no opportunity for advancement.

Despite the steps our Nation has taken to move forward in the area of affirmative action, this legislation represents a new onslaught on civil rights. Congressional opponents of affirmative action should realize that equal opportunity does not belong specifically to one race of people. Black Americans born in this country also have a contract with America. That contract, by virtue of birth, is rooted in both the Constitution and the Declaration of Independence. When it comes to opportunity in this country they have every right to believe in the doctrine, ''We hold these truths to be self evident, that all men are created equal.''

Mr. Speaker, the truth of affirmative action programs is that they do not grant preferential treatment to selected Americans, but provide for a means of equal opportunity employment for members of our society whose voices have been choked off by the destructive and brutal oppression of racism and exclusion.

It is my belief that H.R. 831 and the circumstances under which it is presented in this House attempt to mislead and American people to believe that cookie cutter, simplistic solutions will cure what ails this Nation. Nothing could be further from the truth. As our Nation faces and epidemic discrimination and poverty, the solution to these problems will not be found in quick fixes like this bill. The American people elected us to act in their best interest, not compromise their welfare because government refuses to have the courage to meet its obligation to maintain equal opportunity for the citizens who need it the most. I urge my colleagues to vote against this bill.

Mrs. MEEK of Florida. Mr. Chairman, the bill on the floor today, H.R. 831, is a thinly-veiled effort to muzzle the voices of minorities in this country.

For the past two decades, under Democratic and Republican administrations, the policy of the United States has been to provide tax benefits to encourage and promote the sale of radio, television, and cable companies to minority-owned firms.

The present leadership of the House talks a lot about empowerment, but it is obvious from this bill that empowerment does not extend to minorities who want to break into the broadcast industry—an industry which has extraordinary barriers to entry. Minorities are still vastly underrepresented in the broadcast business. More than 97 percent of all broadcast licenses are held by white men. The number of licenses issued to minority-controlled businesses would be even less without this program.

The goal of the tax provision that H.R. 831 would repeal is to allow African-Americans, Hispanic-Americans, Asian-Americans and other minorities the opportunity to break into the relatively closed society of broadcast entrepreneurs and to promote the diversity of broadcast viewpoints. There is a great national need for American minority communities to have the media outlets and the opportunity to express themselves.

However, under the guise of providing help to self-employed people by allowing them to deduct from their taxes part of their expenses for health insurance, H.R. 831 would wipe out the minority ownership incentives in the tax law—incentives that have led to a five-fold increase in minority ownership of radio and television broadcast stations, and to an increase in minority ownership of cable systems as well.

Mr. Chairman, I strongly favor legislative changes to tighten up the administration of this tax incentive program to make ironclad certain that minority Americans demonstrate real equity ownership in the media properties they buy. Diversity is important, and I want to insure that real gains are made by minorities in the broadcast industry.

But repeal is not reform. It is merely a muzzle on voices straining against great odds to be heard.

Mr. FOGLIETTA. Mr. Chairman, I rise today against this legislation which seeks to dismantle the minority preference program run by the FCC.

We all know that the best way to get people out of poverty's reach is to provide them with jobs and opportunity. However, my Republican colleagues want to pay for one valid tax provision by repealing another which assists in empowering so many minority entrepreneurs across the country. This is dead wrong.

I know that this small sector of the economy is especially successful for minorities, because my hometown of Philadelphia is home to a number of African-American-owned radio, television, and cable networks. They empower people through employment. As we are closing down so many roads to opportunity, I want to see this avenue remain open. The Gibbons-McDermott substitute will make it work better.

Maybe my Republican colleagues have tuned in and they don't like what they're hearing—broad opposition to the Contract With America.

I urge my colleagues not to turn down the volume on these minority voices. Vote against H.R. 831.

Mr. EMERSON. Mr. Chairman, I rise today in strong support of H.R. 831. In the 103d Congress I cosponsored legislation to make this deduction permanent, thus eliminating the need for yearly self-renewal. Unfortunately, this legislation fell victim to end-of-the-session wrangling. This deduction is very important to residents of the Eighth District of Missouri. Ideally, I would like to see this deduction increased to 100 percent, the amount currently enjoyed by most large corporations. It is my hope that we can increase the deduction to this amount in the future.

The House Small Business Committee estimates that the 25-percent tax deduction enabled as many as 400,000 Americans to obtain health care coverage which otherwise was out of their economic reach. Most small business owners, including farmers and ranchers, need coverage as much as folks who work in Fortune 500 firms, but oftentimes are without the on-hand economic resources to pay for preventive care—let alone the costs should an illness occur.

Over the last 2 years, we have learned what Americans want and don't want when it comes to health care reform. Providing access to coverage through our tax code seems to be an easily accomplished option and one that should cross party lines. It is a bit of an insurance policy to help small businesses bolster our Nation's economic engine and provide jobs for more Americans, while looking after some vital health care interests at the same time. I urge passage of this important legislation.

Mrs. VUCANOVICH. Mr. Chairman, I rise in support of H.R. 831, to reinstate and make permanent the 25-percent tax deduction for health insurance to self-employed individuals.

For too long, a disparity has been in existence in our tax system. Our system has given a preference to employees of large corporations, harming the self-employed individuals in the process. Small businessowners, farmers, ranchers, have had to come to Congress time and time again to ask that a tax deduction be granted and extended to them. Unfortunately, the 103d, Congress dropped the ball, allowing this important deduction to expire in 1993. Promises were made that the deduction would be reinstated, but intertwined in the debacle of national health care reform—no action was taken.

Well, its been over a year since then and the new team is taking possession of the ball and going all the way with a slam dunk with this legislation. It is time we give tax fairness to our self-employed and H.R. 831 is the right vehicle to do just that. I give my support to this measure and I encourage my colleagues to back their constituents by supporting the measure too.

Mr. BUYER. Mr. Chairman, H.R. 831, a bill to allow permanent deductibility of health insurance costs for the self-employed is long overdue and I enthusiastically support it. The old saying, ''It may be late but it's not too late,'' is so true in this case.

I applaud my colleague from Texas, Mr. BILL ARCHER, for recognizing the huge injustice that would fall upon many self-employed if this legislation would not pass. It is my belief that the Tax Code should be fair to all. Under current law, employees of a company that provides health benefits are allowed to exclude those benefits from their taxable incomes; the self-employed enjoy no such benefit.

To the estimated 3 million who would file for the 25-percent deduction, H.R. 831 prevents a tax increase many self-employed would most likely incur on this year's returns.

Mr. Chairman, restoring the deductibility for small businessowners, the self-employed, and family farmers is of great interest to residents of the Fifth District of Indiana. They are the backbone to the rural economy and should be provided the same benefits that the big corporations are permitted in major metropolitan areas. The Tax Code must not be discriminatory.

Furthermore, I support Mr. ARCHER'S scrutiny of our current tax law and the Ways and Means Committee's efforts to establish a system of law and public policies that are indifferent to race or gender.

Mr. Chairman, it is becoming more and more clear that section 1071 of the Internal Revenue Code has increasingly been abused. For example, of the minority-owned radio stations that received FCC tax certificates between 1979–92, only 29 percent of those stations were still controlled by the original minority purchaser at the end of 1992.

In many cases, such investors often turn around and sell their stake in the company for millions of dollars above their initial interest. Thus, by allowing a section 1071 in many of these cases, hundreds of millions of dollars—even billions of dollars—have been lost to the American taxpayer. Section 1071 has been abused for too long. It has become one of the most grotesque abuses of our tax system I have seen in all my years.

Let us close the loopholes, reform our Tax Code so it is race and gender blind, and allow our small businessmen, self-employed, and family farmers to receive the same benefits the giant corporations are privy to. In short, H.R. 831 is a beginning to make the Tax Code more friendly and fair.

Mr. KLECZKA. Mr. Chairman, I would like to express my support for H.R. 831, the health premium deduction for the self-employed. This bill would permanently extend the 25-percent health insurance deduction for the self-employed, and would do so retroactively so that these individuals may take advantage of it when they file their tax returns this Spring. My colleagues, self-employed individuals are waiting for us to act, and we owe it to them to pass this legislation expeditiously.

This much needed deduction has been extended, and extended, and extended again. It is time to provide some stability for the many small employers who rely on this assistance by extending it once and for all. If this deduction is good policy—and I believe it is—then let us give it the credibility it deserves and make it a stable part of our tax law.

Restoring the 25-percent deduction is a matter of simple fairness. Corporations can deduct 100 percent of the costs of providing insurance to their employees, but self-employed people, mostly small businesses and farmers, can no longer deduct even the meager 25 percent that they used to be able to deduct. The least we can do is restore this minimal assistance to them. While the 25-percent amount is not nearly what the large employer receives, it is an important first step toward leveling the playing field in a responsible manner.

Permanently restoring this deduction is also consistent with the goal of encouraging health insurance coverage for all Americans. According to the Small Business Administration, there are 2.6 million uninsured self-employed Americans—making that group one of the largest groups of uninsured citizens. Without the 25-percent deduction, the number of uninsured in this segment of the population would likely increase. Hopefully, by making the tax break permanent, we can encourage more of the self-employed to buy insurance.

Passing H.R. 831 is the fair thing to do. It is good for small business and will help encourage health care coverage. Moreover, the bill enjoys bipartisan support. Mr. Chairman, I urge that we adopt this provision.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment printed in the bill is considered as adopted, and the bill, as amended, is considered as having been read.

The text of the bill, as amended, is as follows:

H.R. 831

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

SECTION 1. PERMANENT EXTENSION OF DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Subsection (l) of section 162 of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended by striking paragraph (6).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1993.

SEC. 2. REPEAL OF NONRECOGNITION ON FCC CERTIFIED SALES AND EXCHANGES.

(a) IN GENERAL.—Subchapter O of chapter 1 of the Internal Revenue Code of 1986 is amended by striking part V (relating to changes to effectuate FCC policy).

(b) CLERICAL AMENDMENT.—The table of parts for such subchapter O is amended by striking the item relating to part V.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to—

(A) sales and exchanges on or after January 17, 1995, and

(B) sales and exchanges before such date if the FCC tax certificate with respect to such sale or exchange is issued on or after such date.

(2) BINDING CONTRACTS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any sale or exchange pursuant to a written contract which was binding on January 16, 1995, and at all times thereafter before the sale or exchange, if the FCC tax certificate with respect to such sale or exchange was applied for, or issued, on or before such date.

(B) SALES CONTINGENT ON ISSUANCE OF CERTIFICATE.—A contract shall be treated as not binding for purposes of subparagraph (A) if the sale or exchange pursuant to such contract, or the material terms of such contract, were contingent, at any time on January 16, 1995, on the issuance of an FCC tax certificate. The preceding sentence shall not apply if the FCC tax certificate for such sale or exchange is issued on or before January 16, 1995.

(3) FCC TAX CERTIFICATE.—For purposes of this subsection, the term ''FCC tax certificate'' means any certificate of the Federal Communications Commission for the effectuation of section 1071 of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act).

SEC. 3. NONRECOGNITION OF INVOLUNTARY CONVERSIONS NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.

(a) IN GENERAL.—Section 1033 of the Internal Revenue Code of 1986 (relating to involuntary conversions) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

''(i) NONRECOGNITION NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.—Subsection (a) shall not apply if the replacement property or stock acquired is acquired from a related person. For purposes of the preceding sentence, a person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b).''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to replacement property or stock acquired on or after February 6, 1995.

SEC. 4. PHASEOUT OF EARNED INCOME CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF TAXABLE INTEREST AND DIVIDENDS.

(a) IN GENERAL.—Section 32 of the Internal Revenue Code of 1986 is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

''(i) PHASEOUT OF CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF TAXABLE INTEREST AND DIVENDENDS.—If the aggregate amount of interest and dividends includible in the gross income of the taxpayer for the taxable year exceeds $2,500, the amount of the credit which would (but for this subsection) be allowed under this section for such taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to such amount of credit as such excess bears to $650.''

(b) INFLATION ADJUSTMENT.—Subsection (j) of section 32 of such Code (relating to inflation adjustments), as redesignated by subsection (a), is amended by striking paragraph (2) and by inserting the following new paragraphs:

''(2) INTEREST AND DIVIDEND INCOME LIMITATION.—In the case of a taxable year beginning in a calendar year after 1996, each dollar amount contained in subsection (i) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1995'

for 'calendar year 1992' in subparagraph (B) thereof.

''(3) ROUNDING.—If an amount as adjusted under paragraph (1) or (2) is not a multiple of $10 such dollar amount shall be rounded to the nearest multiple of $10.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

The CHAIRMAN. No further amendment is in order except the amendment in the nature of a substitute printed in House Report 104–38.

The amendment in the nature of a substitute may be offered only by the gentleman from Florida, Mr. GIBBONS, or his designee. It shall be considered as having been read and is not subject to amendment.

The debate on the amendment will be equally divided and controlled by the proponent and an opponent of the amendment in the nature of a substitute.

Mr. GIBBONS. Mr. Chairman, I rise to yield my time to the gentleman from Washington [Mr. MCDERMOTT]. I endorse the amendment. I would like to give the gentleman from Washington credit for having worked this out. I yield my time and the ability to yield such time as he may deem necessary to the gentleman from Washington [Mr. MCDERMOTT].

The CHAIRMAN. Does the gentleman from Florida [Mr. GIBBONS] designate the gentleman from Washington [Mr. MCDERMOTT] as his designee?

Mr. GIBBONS. I do so designate the gentleman from Washington [Mr. MCDERMOTT] as the Member to handle the amendment, and I yield to him at this time.

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

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. MCDERMOTT

Mr. MCDERMOTT. Mr. Chairman, I offer the amendment in the nature of a substitute, printed in House Report 104–38.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The CLERK. The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. MCDERMOTT.

Strike all after the enacting clause and insert the following:

TITLE I—PROVISIONS RELATING TO HEALTH CARE

SEC. 101. RETROACTIVE RESTORATION OF DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (6) of section 162(l) of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended by striking ''December 31, 1993'' and inserting ''December 31, 1995''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1993.

SEC. 102. PERMANENT DEDUCTION FOR HEALTH INSURANCE COSTS OF EMPLOYEES AND SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions) is amended by redesignating section 220 as section 221 and by inserting after section 219 the following new section:

''SEC. 220. HEALTH INSURANCE COSTS.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to 25 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.

''(b) LIMITATION BASED ON EARNED INCOME.—No deduction shall be allowed under subsection (a) to the extent that the amount of such deduction exceeds the sum of—

''(1) the taxpayer's wages, salaries, tips, and other employee compensation includible in gross income, plus

''(2) the taxpayer's earned income (as defined in section 401(c)(2)).

''(c) OTHER COVERAGE.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer.

''(d) PHASEIN OF DEDUCTION FOR EMPLOYEES.—In the case of taxable years beginning before January 1, 2000, to the extent that the amount paid for insurance referred to in subsection (a) is allocable to coverage for a month for which the individual has no earned income (as defined in section 401(c)(2)), subsection (a) shall be applied with respect to such amount by substituting the percentage determined in accordance with the following table for '25 percent'.

''In the case of taxable years beginning in calendar year:	**The percentage is:**
1996	15 percent
1997	15 percent
1998	20 percent
1999	20 percent.

''(e) SPECIAL RULES.—

''(1) COORDINATION WITH MEDICAL DEDUCTION, ETC.—Any amount paid by a taxpayer for insurance to which subsection (a) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 213(a).

''(2) TREATMENT OF CERTAIN S CORPORATION SHAREHOLDERS.—This section shall apply in the case of any individual treated as a partner under section 1372(a), except that—

''(A) for purposes of this section, such individual's wages (as defined in section 3121) from the S corporation shall be treated as such individual's earned income (within the meaning of section 401(c)(1)), and

''(B) there shall be such adjustments in the application of this section as the Secretary may by regulations prescribe.

''(3) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX PURPOSES.—The deduction allowable by reason of this section shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.''

(b) CONFORMING AMENDMENTS.—

(1) Subsection (l) of section 162 of such Code is hereby repealed.

(2) Subsection (a) of section 62 of such Code is amended by inserting after paragraph (15) the following new item:

''(16) HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The deduction allowed by section 220 but only to the extent that the amount of the deduction does not exceed the taxpayer's earned income (as defined in section 401(c)(2)) for the taxable year.''

(3) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following new items:

''Sec. 220. Health insurance costs.

''Sec. 221. Cross reference.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

TITLE II—MODIFICATION OF RULES FOR NONRECOGNITION OF GAIN UNDER F.C.C. TAX CERTIFICATE PROGRAM AND FOR INVOLUNTARY CONVERSIONS

SEC. 201. LIMITATIONS ON NONRECOGNITION OF GAIN UNDER F.C.C. TAX CERTIFICATE PROGRAM.

(a) IN GENERAL.—Section 1071 of the Internal Revenue Code of 1986 (relating to gain from sale or exchange to effectuate policies of F.C.C.) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

''(b) LIMITATIONS.—

''(1) IN GENERAL.—Subsection (a) shall apply only if the sale or exchange is a qualified telecommunications transaction.

''(2) LIMITATION ON AMOUNT OF NONRECOGNITION.—The amount of gain which is not recognized under subsection (a) with respect to a qualified telecommunications transaction (or a series of related transactions) shall not exceed $50,000,000.

''(3) QUALIFIED TELECOMMUNICATIONS TRANSACTION.—For purposes of this subsection, the term 'qualified telecommunications transaction' means any sale or exchange of property if—

''(A) the Commission certifies that the sale or exchange is in furtherance of the Commission's Minority Ownership Policy, and

''(B)(i) such property is owned by an eligible person at all times during the 3-year period beginning on the date of such sale or exchange, or

''(ii) if the property sold or exchanged was acquired by the taxpayer by reason of a qualified contribution to the capital of an eligible corporation or an eligible partnership, such corporation or partnership was an eligible person at all times during the 3-year period beginning on the date of such contribution.

''(4) ELIGIBLE PERSON.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'eligible person' means—

''(i) any eligible individual,

''(ii) any eligible corporation, and

''(iii) any eligible partnership.

''(B) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means any individual if an FCC tax certificate could have been issued under the Commission's Minority Ownership Policy for any sale or exchange of property to such individual.

''(C) ELIGIBLE CORPORATION.—The term 'eligible corporation' means any corporation in which eligible individuals directly or indirectly own—

''(i) stock possessing more than 50 percent of the total voting power of the stock of such corporation, and

''(ii) stock having a value equal to more than 20 percent of the total value of the stock of such corporation.

''(D) ELIGIBLE PARTNERSHIP.—The term 'eligible partnership' means any partnership in which eligible individuals directly or indirectly—

''(i) have actual control of the partnership, and

''(ii) own partnership interests having a value equal to more than 20 percent of the total value of the partnership interests of such partnership.

''(5) TREATMENT OF BUY-SELL ARRANGEMENTS, ETC.—For purposes of paragraphs (3) and (4)—

''(A) IN GENERAL.—Property held by an eligible person shall be treated as held by an ineligible person if—

''(i) an ineligible person has an option or other right to acquire such property, or

''(ii) the eligible person has an option or other right to require an ineligible person to acquire such property.

''(B) TREATMENT OF WARRANTS, ETC.—If an ineligible person holds a warrant, convertible security, or similar instrument issued by any entity, such person shall be treated as holding the interest in the entity which such person could have acquired on the exercise of his rights under the instrument.

''(C) INELIGIBLE PERSON.—For purposes of this paragraph, the term 'ineligible person' means any person who is not an eligible person.

''(6) OTHER DEFINITIONS.—For purposes of this subsection—

''(A) FCC TAX CERTIFICATE.—The term 'FCC tax certificate' means any certificate of the Commission for the effectuation of this section for purposes of carrying out the Commission's Minority Ownership Policy.

''(B) MINORITY OWNERSHIP POLICY.—The term 'Minority Ownership Policy' means the Commission's policy, as in effect on January 16, 1995, to encourage ownership of telecommunications facilities and licenses by women and members of minority groups.

''(C) QUALIFIED CONTRIBUTION TO CAPITAL.—The term 'qualified contribution to capital' means any contribution to the capital of an eligible corporation or an eligible partnership pursuant to the contribution to capital provisions of the Commission's Minority Ownership Policy.

''(D) COMMISSION.—The term 'Commission' means the Federal Communications Commission.

''(7) EXTENSION OF STATUTE OF LIMITATION.—

''(A) DEFICIENCIES.—The statutory period for the assessment of any deficiency attributable to any failure to meet the requirements of paragraph (3)(B) shall not expire before the close of the 3-year period beginning on the date that the taxpayer certifies to the Secretary that such requirements have been met, and such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any law or rule of law which would otherwise prevent such assessment.

''(B) OVERPAYMENTS.—A refund or credit of any overpayment of tax attributable to any failure to meet the requirements of paragraph (3)(B) may be allowed or made (notwithstanding the operation of any law or rule of law (including res judicata)) if claim therefor is filed before the close of the 3-year period referred to in subparagraph (A).

''(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this subsection, including regulations aggregating transactions for purposes of paragraph (2).''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to—

(A) sales and exchanges on or after January 17, 1995, and

(B) sales and exchanges before such date if the FCC tax certificate with respect to such sale or exchange is issued on or after such date.

(2) BINDING CONTRACTS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any sale or exchange pursuant to a written contract which was binding on January 16, 1995, and at all times thereafter before the sale or exchange, if the FCC tax certificate with respect to such sale or exchange was applied for, or issued, on or before such date.

(B) SALES CONTINGENT ON ISSUANCE OF CERTIFICATE.—A contract shall be treated as not binding for purposes of subparagraph (A) if the sale or exchange pursuant to such contract, or the material terms of such contract, were contingent, at any time on January 16, 1995, on the issuance of an FCC tax certificate. The preceding sentence shall not apply if the FCC tax certificate for such sale or exchange is issued on or before January 16, 1995.

(3) FCC TAX CERTIFICATE.—For purposes of this subsection, the term ''FCC tax certificate'' has the meaning given to such term by section 1071(b) of the Internal Revenue Code of 1986, as amended by this section.

SEC. 202. NONRECOGNITION ON INVOLUNTARY CONVERSIONS NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.

(a) IN GENERAL.—Section 1033 of the Internal Revenue Code of 1986 (relating to involuntary conversions) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

''(i) NONRECOGNITION NOT TO APPLY IF REPLACEMENT PROPERTY ACQUIRED FROM RELATED PERSON.—Subsection (a) shall not apply if the replacement property or stock acquired is acquired from a related person. For purposes of the preceding sentence, a person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b).''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to replacement property or stock acquired on or after February 6, 1995.

TITLE III—REVENUE INCREASES

Subtitle A—Denial of Earned Income Credit for Individuals Having More Than $2,500 of Investment Income

SEC. 301. DENIAL OF EARNED INCOME CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF INVESTMENT INCOME.

(a) IN GENERAL.—Section 32 of the Internal Revenue Code of 1986 is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

''(i) DENIAL OF CREDIT FOR INDIVIDUALS HAVING MORE THAN $2,500 OF INVESTMENT INCOME.—

''(1) IN GENERAL.—No credit shall be allowed under subsection (a) for the taxable year if the aggregate amount of disqualified income of the taxpayer for such taxable year exceeds $2,500.

''(2) DISQUALIFIED INCOME.—For purposes of paragraph (1), the term 'disqualified income' means—

''(A) interest, dividends, rents, and royalties to the extent includible in gross income for the taxable year, and

''(B) interest which is received or accrued during the taxable year and which is exempt from tax.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

Subtitle B—Provisions Relating to International Taxation

SEC. 311. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) CITIZENS.—If any United States citizen relinquishes his citizenship during a taxable year, all property held by such citizen at the time immediately before such relinquishment shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for such taxable year.

''(2) CERTAIN RESIDENTS.—If any long-term resident of the United States ceases to be subject to tax as a resident of the United States for any portion of any taxable year, all property held by such resident at the time of such cessation shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for the taxable year which includes the date of such cessation.

''(b) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this subsection) be includible in the gross income of any taxpayer by reason of subsection (a) shall be reduced (but not below zero) by $600,000.

''(c) PROPERTY TREATED AS HELD.—For purposes of this section, except as otherwise provided by the Secretary, an individual shall be treated as holding—

''(1) all property which would be includible in his gross estate under chapter 11 were such individual to die at the time the property is treated as sold,

''(2) any other interest in a trust which the individual is treated as holding under the rules of section 679(e) (determined by treating such section as applying to foreign and domestic trusts), and

''(3) any other interest in property specified by the Secretary as necessary or appropriate to carry out the purposes of this section.

''(d) EXCEPTIONS.—The following property shall not be treated as sold for purposes of this section:

''(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the date the individual relinquishes his citizenship or ceases to be subject to tax as a resident, meet the requirements of section 897(c)(2).

''(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(d)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

''(B) FOREIGN PENSION PLANS.—

''(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

''(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

''(e) DEFINITIONS.—For purposes of this section—

''(1) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the date the United States Department of State issues to the individual a certificate of loss of nationality or on the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

''(2) LONG-TERM RESIDENT.—

''(A) IN GENERAL.—The term 'long-term resident' means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States and,

as a result of such status, has been subject to tax as a resident in at least 10 taxable years during the period of 15 taxable years ending with the taxable year during which the sale under subsection (a) is treated as occurring.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), there shall not be taken into account—

''(i) any taxable year during which any prior sale is treated under subsection (a) as occurring, or

''(ii) any taxable year prior to the taxable year referred to in clause (i).

''(f) TERMINATION OF DEFERRALS, ETC.—On the date any property held by an individual is treated as sold under subsection (a)—

''(1) any period deferring recognition of income or gain shall terminate, and

''(2) any extension of time for payment of tax shall cease to apply and the unpaid portion of such tax shall be due and payable.

''(g) ELECTION BY EXPATRIATING RESIDENTS.—Solely for purposes of determining gain under subsection (a)—

''(1) IN GENERAL.—At the election of a resident not a citizen of the United States, property—

''(A) which was held by such resident on the date the individual first became a resident of the United States during the period of long-term residency to which the treatment under subsection (a) relates, and

''(B) which is treated as sold under subsection (a),

shall be treated as having a basis on such date of not less than the fair market value of such property on such date.

''(2) ELECTION.—Such an election shall apply to all property described in paragraph (1), and, once made, shall be irrevocable.

''(h) DEFERRAL OF TAX ON CLOSELY HELD BUSINESS INTERESTS.—The District Director may enter into an agreement with any individual which permits such individual to defer payment for not more than 5 years of any tax imposed by subsection (a) by reason of holding any interest in a closely held business (as defined in section 6166(b)) other than a United States real property interest described in subsection (d)(1).

''(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.

''(j) CROSS REFERENCE.—

''For termination of United States citizenship for tax purposes, see section 7701(a)(47).''

(b) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) of such Code is amended by adding at the end the following new paragraph:

''(47) TERMINATION OF UNITED STATES CITIZENSHIP.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(1).''

(c) CONFORMING AMENDMENTS.—

(1) Section 877 of such Code is amended by adding at the end the following new subsection:

''(f) TERMINATION.—This section shall not apply to any individual who is subject to the provisions of section 877A.''

(2) Paragraph (10) of section 7701(b) of such Code is amended by adding at the end the following new sentence: ''This paragraph shall not apply to any individual who is subject to the provisions of section 877A.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 of such Code is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) United States citizens who relinquish (within the meaning of section 877A(e)(1) of the Internal Revenue Code of 1986, as added by this section) United States citizenship on or after February 6, 1995, and

(2) long-term residents (as defined in such section) who cease to be subject to tax as residents of the United States on or after such date.

SEC. 312. IMPROVED INFORMATION REPORTING ON FOREIGN TRUSTS.

(a) IN GENERAL.—Section 6048 of the Internal Revenue Code of 1986 (relating to returns as to certain foreign trusts) is amended to read as follows:

''SEC. 6048. INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) NOTICE OF CERTAIN EVENTS.—

''(1) GENERAL RULE.—On or before the 90th day (or such later day as the Secretary may prescribe) after any reportable event, the responsible party shall—

''(A) notify each trustee of the trust of the requirements of subsection (b), and

''(B) provide written notice of such event to the Secretary in accordance with paragraph (2).

''(2) CONTENTS OF NOTICE.—The notice required by paragraph (1)(B) shall contain such information as the Secretary may prescribe, including—

''(A) the amount of money or other property (if any) transferred to the trust in connection with the reportable event,

''(B) the identity of the trust and of each trustee and beneficiary (or class of beneficiaries) of the trust, and

''(C) a statement that each trustee of the trust has been informed of the requirements of subsection (b).

''(3) REPORTABLE EVENT.—For purposes of this subsection, the term 'reportable event' means—

''(A) the creation of any foreign trust by a United States person,

''(B) the transfer of any money or property to a foreign trust by a United States person, including a transfer by reason of death,

''(C) a domestic trust becoming a foreign trust,

''(D) the death of a citizen or resident of the United States who is a grantor of a foreign trust, and

''(E) the residency starting date (within the meaning of section 7701(b)(2)(A)) of a grantor of a foreign trust subject to tax under section 679(a)(3).

Subparagraphs (A) and (B) shall not apply with respect to a trust described in section 404(a)(4) or 404A.

''(4) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' means—

''(A) the grantor in the case of a reportable event described in subparagraph (A) or (E) of paragraph (3),

''(B) the transferor in the case of a reportable event described in paragraph (3)(B) other than a transfer by reason of death,

''(C) the trustee of the domestic trust in the case of a reportable event described in paragraph (3)(C), and

''(D) the executor of the decedent's estate in the case of a transfer by reason of death.

''(b) TRUST REPORTING REQUIREMENTS.—If a foreign trust, at any time during a taxable year of such trust—

''(1) has a grantor who is a United States person and—

''(A) such grantor is treated as the owner of any portion of such trust under the rules of subpart E of part I of subchapter J of chapter 1, or

''(B) any portion of such trust would be included in the gross estate of such grantor if the grantor were to die at such time, or

''(2) directly or indirectly distributes, credits, or allocates money or property to any United States person (whether or not the trust has a grantor described in paragraph (1)),

then such trust shall meet the requirements of subsection (c) (relating to trust information and agent) and subsection (d) (relating to annual return).

''(c) CONTENTS OF SECTION 6048 STATEMENT.—

''(1) IN GENERAL.—The requirements of this subsection are met if the trust files with the Secretary a statement which contains such information as the Secretary may prescribe and which—

''(A) identifies a United States person who is the trust's limited agent to provide the Secretary with such information that reasonably should be available to the trust for purposes of applying sections 7602, 7603, and 7604 with respect to any request by the Secretary to examine trust records or produce testimony related to any transaction by the trust or with respect to any summons by the Secretary for such records or testimony, and

''(B) contains an agreement to comply with the requirements of subsection (d).

''(2) SPECIAL RULE.—A foreign trust which appoints an agent described in paragraph (1)(A) shall not be considered to have an office or a permanent establishment in the United States solely because of the activities of such agent pursuant to this section. For purposes of this section, the appearance of persons or production of records by reason of the creation of the agency shall not subject such persons or records to legal process for any purpose other than determining the correct treatment under this title of the activities and operations of the trust.

''(d) ANNUAL RETURNS AND STATEMENTS.—The requirements of this subsection are met if—

''(1) the trust makes a return for the taxable year which sets forth a full and complete accounting of all trust activities and operations for the taxable year, and contains such other information as the Secretary may prescribe; and

''(2) the trust furnishes such information as the Secretary may prescribe to each United States person—

''(A) who is treated as the owner of any portion of such trust under the rules of subpart E of part I of subchapter J of chapter 1,

''(B) to whom any item with respect to the taxable year is credited or allocated, or

''(C) who receives a distribution from such trust with respect to the taxable year.

''(e) TIME AND MANNER OF FILING INFORMATION.—Any notice, statement, or return required under this section shall be made at such time and in such manner as the Secretary shall prescribe.

''(f) MODIFICATION OF RETURN REQUIREMENTS.—Secretary is authorized to suspend or modify any requirement of this section if the Secretary determines that the United States has no significant tax interest in obtaining the required information.''

(b) PENALTIES.—Section 6677 of such Code (relating to failure to file information returns with respect to certain foreign trusts) is amended to read as follows:

''SEC. 6677. FAILURE TO FILE INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) FAILURE TO REPORT CERTAIN EVENTS.—

''(1) IN GENERAL.—In the case of a reportable event described in any subparagraph of section 6048(a)(3) for which a responsible party does not file a written notice meeting the requirements of section 6048(a)(2) within the time specified in section 6048(a)(1), the responsible party shall pay a penalty of

$10,000. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the responsible party, such party shall pay a penalty (in addition to the $10,000 amount) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period.

''(2) 35-PERCENT PENALTY.—In the case of a reportable event described in subparagraph (A), (B), or (C) of section 6048(a)(3) (other than a transfer by reason of death), the aggregate amount of the penalties under paragraph (1) shall not be less than an amount equal to 35 percent of the gross value of the property involved in such event (determined as of the date of the event).

''(3) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' has the meaning given to such term by section 6048(a)(4).

''(b) FAILURE TO MAKE CERTAIN STATEMENTS AND RETURNS.—

''(1) IN GENERAL.—In the case of any failure to meet the requirements of section 6048(b), the appropriate tax treatment of any trust transactions or operations shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise.

''(2) MONETARY PENALTY.—In the case of any failure to meet the requirements of section 6048(b) with respect to a trust described in such section by reason of paragraph (1) thereof, the grantor described in such paragraph (1) shall pay a penalty of $10,000 for each taxable year with respect to which the foreign trust fails to meet such requirements. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to such grantor, such grantor shall pay a penalty (in addition to any other penalty) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the requested documentation is not reasonable cause.

''(d) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.''

(c) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by striking the item relating to section 6048 and inserting the following new item:

''Sec. 6048. Information with respect to certain foreign trusts.''

(2) The table of sections for part I of subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6677 and inserting the following new item:

''Sec. 6677. Failure to file information with respect to certain foreign trusts.''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply—

(A) to reportable events occurring on or after February 6, 1995, and

(B) to the extent such amendments require reporting for any taxable year under section 6048(b) of the Internal Revenue Code of 1986 (as added by this section), to taxable years beginning after the date of the enactment of this Act.

(2) NOTICES.—For purposes of section 6048(a) of such Code, the 90th day referred to therein shall in no event be treated as being earlier than the 90th day after the date of the enactment of this Act.

SEC. 313. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

(a) IN GENERAL.—Section 679 of the Internal Revenue Code of 1986 (relating to foreign trusts having one or more United States beneficiaries) is amended to read as follows:

''SEC. 679. FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

''(a) TRANSFEROR TREATED AS OWNER.—

''(1) IN GENERAL.—A United States person who directly or indirectly transfers property to a foreign trust (other than a trust described in section 404(a)(4) or section 404A) shall be treated as the owner for his taxable year of the portion of such trust attributable to such property if for such year there is a United States beneficiary of such trust.

''(2) EXCEPTION.—

''(A) IN GENERAL.—Paragraph (1) shall not apply to any sale or exchange of property to a trust if—

''(i) the trust pays fair market value for such property, and

''(ii) all of the gain to the transferor is recognized at the time of transfer.

''(B) CERTAIN OBLIGATIONS NOT TAKEN INTO ACCOUNT.—For purposes of subparagraph (A), in determining whether the transferor received fair market value, there shall not be taken into account—

''(i) any obligation of—

''(I) the trust,

''(II) any grantor or beneficiary of the trust, or

''(III) any person who is related (within the meaning of section 643(i)(3)) to any grantor or beneficiary of the trust, and

''(ii) except as provided in regulations, any obligation which is guaranteed by a person described in clause (i).

''(C) TREATMENT OF DEEMED SALE ELECTION UNDER SECTION 1057.—For purposes of subparagraph (A), a transfer with respect to which an election under section 1057 is made shall not be treated as a sale or exchange.

''(3) SPECIAL RULES APPLICABLE TO FOREIGN GRANTOR WHO LATER BECOMES A UNITED STATES PERSON.—A nonresident alien individual who becomes a United States resident within 5 years after directly or indirectly transferring property to a foreign trust shall be treated for purposes of this section and section 6048 as having transferred such property, and any undistributed income (including all realized and unrealized gains) attributable thereto, to the foreign trust immediately after becoming a United States resident. For this purpose, a nonresident alien shall be treated as becoming a resident of the United States on the residency starting date (within the meaning of section 7701(b)(2)(A)).

''(b) BENEFICIARIES TREATED AS TRANSFERORS IN CERTAIN CASES.—For purposes of this section and section 6048, if—

''(1) a citizen or resident of the United States who is treated as the owner of any portion of a trust under subsection (a) dies,

''(2) property is transferred to a foreign trust by reason of the death of a citizen or resident of the United States, or

''(3) a domestic trust to which any United States person made a transfer becomes a foreign trust,

then, except as otherwise provided in regulations, the trust beneficiaries shall be treated as having transferred to such trust (as of the date of the applicable event under paragraph (1), (2), or (3)) their respective interests (as determined under subsection (e)) in the property involved.

''(c) TRUSTS ACQUIRING UNITED STATES BENEFICIARIES.—If—

''(1) subsection (a) applies to a trust for the transferor's taxable year, and

''(2) subsection (a) would have applied to the trust for the transferor's immediately preceding taxable year but for the fact that for such preceding taxable year there was no United States beneficiary for any portion of the trust,

then, for purposes of this subtitle, the transferor shall be treated as having received as an accumulation distribution taxable under subpart D an amount equal to the undistributed net income (as determined under section 665(a) as of the close of such immediately preceding taxable year) attributable to the portion of the trust referred to in subsection (a).

''(d) TRUSTS TREATED AS HAVING A UNITED STATES BENEFICIARY.—

''(1) IN GENERAL.—For purposes of this section, a trust shall be treated as having a United States beneficiary for the taxable year unless—

''(A) under the terms of the trust, no part of the income or corpus of the trust may be paid or accumulated during the taxable year to or for the benefit of a United States person, and

''(B) if the trust were terminated at any time during the taxable year, no part of the income or corpus of such trust could be paid to or for the benefit of a United States person.

To the extent provided by the Secretary, for purposes of this subsection, the term 'United States person' includes any person who was a United States person at any time during the existence of the trust.

''(2) ATTRIBUTION OF OWNERSHIP.—For purposes of paragraph (1), an amount shall be treated as paid or accumulated to or for the benefit of a United States person if such amount is paid to or accumulated for a foreign corporation, foreign partnership, or foreign trust or estate, and—

''(A) in the case of a foreign corporation, more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote is owned (within the meaning of section 958(a)) or is considered to be owned (within the meaning of section 958(b)) by United States shareholders (as defined in section 951(b)),

''(B) in the case of a foreign partnership, a United States person is a partner of such partnership, or

''(C) in the case of a foreign trust or estate, such trust or estate has a United States beneficiary (within the meaning of paragraph (1)).

''(e) DETERMINATION OF BENEFICIARIES' INTERESTS IN TRUST.—

''(1) GENERAL RULE.—For purposes of this section, a beneficiary's interest in a foreign trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

''(2) SPECIAL RULE.—In the case of beneficiaries whose interests in a trust cannot be determined under paragraph (1)—

''(A) the beneficiary having the closest degree of kinship to the grantor shall be treated as holding the remaining interests in the

trust not determined under paragraph (1) to be held by any other beneficiary, and

''(B) if 2 or more beneficiaries have the same degree of kinship to the grantor, such remaining interests shall be treated as held equally by such beneficiaries.

''(3) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a foreign trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(4) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(A) the methodology used to determine that taxpayer's trust interest under this section, and

''(B) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending on or after February 6, 1995.

(2) SECTION 679(a).—Paragraphs (2) and (3) of section 679(a) of the Internal Revenue Code of 1986 (as added by this section) shall apply to—

(A) any trust created on or after February 6, 1995, and

(B) the portion of any trust created before such date which is attributable to actual transfers of property to the trust on or after such date.

(3) SECTION 679(b).—

(A) IN GENERAL.—Paragraphs (1) and (2) of section 679(b) of such Code (as so added) shall apply to—

(i) any trust created on or after the date of the enactment of this Act, and

(ii) the portion of any trust created before such date which is attributable to actual transfers of property to the trust on or after such date.

(B) SECTION 679(b)(3).—Section 679(b)(3) of such Code (as so added) shall take effect on February 6, 1995, without regard to when the property was transferred to the trust.

SEC. 314. FOREIGN PERSONS NOT TO BE TREATED AS OWNERS UNDER GRANTOR TRUST RULES.

(a) IN GENERAL.—So much of section 672(f) of the Internal Revenue Code of 1986 (relating to special rule where grantor is foreign person) as precedes paragraph (2) is amended to read as follows:

''(f) SUBPART NOT TO RESULT IN FOREIGN OWNERSHIP.—

''(1) IN GENERAL.—Notwithstanding any other provision of this subpart, this subpart shall apply only to the extent such application results in an amount being included (directly or through 1 or more entities) in the gross income of a citizen or resident of the United States or a domestic corporation. The preceding sentence shall not apply to any portion of an investment trust if such trust is treated as a trust for purposes of this title and the grantor of such portion is the sole beneficiary of such portion.''

(b) CREDIT FOR CERTAIN TAXES.—Paragraph (2) of section 665(d) of such Code is amended by adding at the end the following new sentence: ''Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the term 'taxes imposed on the trust' includes the allocable amount of any income, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust income.''

(c) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—

(1) Section 643 of such Code is amended by adding at the end the following new subsection:

''(h) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—For purposes of this part, any amount paid to a United States person which is derived directly or indirectly from a foreign trust of which the payor is not the grantor shall be deemed in the year of payment to have been directly paid by the foreign trust to such United States person.''

(2) Section 665 of such Code is amended by striking subsection (c).

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(e) TRANSITIONAL RULE.—If—

(1) by reason of the amendments made by this section, any person other than a United States person ceases to be treated as the owner of a portion of a domestic trust, and

(2) before January 1, 1996, such trust becomes a foreign trust, or the assets of such trust are transferred to a foreign trust,

no tax shall be imposed by section 1491 of the Internal Revenue Code of 1986 by reason of such trust becoming a foreign trust or the assets of such trust being transferred to a foreign trust.

SEC. 315. GRATUITOUS TRANSFERS BY PARTNERSHIPS AND FOREIGN CORPORATIONS.

(a) IN GENERAL.—Subchapter C of chapter 80 of the Internal Revenue Code of 1986 (relating to provisions affecting more than one subtitle) is amended by adding at the end the following new section:

''SEC. 7874. PURPORTED GIFTS BY PARTNERSHIPS AND FOREIGN CORPORATIONS.

''(a) IN GENERAL.—Any property (including money) that is purportedly a direct or indirect gift by a partnership or a foreign corporation to a person who is not a partner of the partnership or a shareholder of the corporation, respectively, may be recharacterized by the Secretary to prevent the avoidance of tax. The Secretary may not recharacterize gifts made for bona fide business or charitable purposes.

''(b) STATEMENTS ON RECIPIENT'S RETURN.—A taxpayer who receives a purported gift subject to subsection (a) shall attach a statement to his income tax return for the year of receipt that identifies the property received and describes fully the circumstances surrounding the purported gift.

''(c) EXEMPTION.—Subsection (a) shall not apply to purported gifts received by any person during any taxable year if the amount thereof is less than $2,500.

''(d) REGULATIONS.—The Secretary may prescribe such rules as may be necessary or appropriate to carry out the purposes of this section.''

(b) CLERICAL AMENDMENT.—The table of sections for such subchapter C of such Code is amended by adding at the end the following new item:

''Sec. 7874. Purported gifts by partnerships and foreign corporations.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act.

SEC. 316. INFORMATION REPORTING REGARDING LARGE FOREIGN GIFTS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by inserting after section 6039E the following new section:

''SEC. 6039F. NOTICE OF LARGE GIFTS RECEIVED FROM FOREIGN PERSONS.

''(a) IN GENERAL.—If the value of the aggregate foreign gifts received by a United States person (other than an organization described in section 501(c) and exempt from tax under section 501(a)) during any taxable year exceeds $100,000, such United States person shall furnish (at such time and in such manner as the Secretary shall prescribe) such information as the Secretary may prescribe regarding each foreign gift received during such year.

''(b) FOREIGN GIFT.—For purposes of this section, the term 'foreign gift' means any amount received from a person other than a United States person which the recipient treats as a gift or bequest. Such term shall not include any qualified transfer (within the meaning of section 2503(e)(2)).

''(c) PENALTY FOR FAILURE TO FILE INFORMATION.—

''(1) IN GENERAL.—If a United States person fails to furnish the information required by subsection (a) with respect to any foreign gift within the time prescribed therefor (including extensions)—

''(A) the tax consequences of the receipt of such gift shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise, and

''(B) such United States person shall pay (upon notice and demand by the Secretary and in the same manner as tax) an amount equal to 5 percent of the amount of such foreign gift for each month for which the failure continues (not to exceed 25 percent of such amount in the aggregate).

''(2) REASONABLE CAUSE EXCEPTION.—Paragraph (1) shall not apply to any failure to report a foreign gift if the United States person shows that the failure is due to reasonable cause and not due to willful neglect.

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.''.

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting after the item relating to section 6039E the following new item:

''Sec. 6039F. Notice of large gifts received from foreign persons.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act in taxable years ending after such date.

SEC. 317. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS WHICH ARE NOT GRANTOR TRUSTS.

(a) MODIFICATION OF INTEREST CHARGE ON ACCUMULATION DISTRIBUTIONS.—Subsection (a) of section 668 of the Internal Revenue Code of 1986 (relating to interest charge on accumulation distributions from foreign trusts) is amended to read as follows:

''(a) GENERAL RULE.—For purposes of the tax determined under section 667(a)—

''(1) SUM OF INTEREST CHARGES FOR EACH THROWBACK YEAR.—The interest charge (determined under paragraph (2)) with respect to any distribution is the sum of the interest charges for each of the throwback years to which such distribution is allocated under section 666(a).

''(2) INTEREST CHARGE FOR YEAR.—Except as provided in paragraph (6), the interest charge for any throwback year on such year's allocable share of the partial tax computed under section 667(b) with respect to any distribution shall be determined for the period—

''(A) beginning on the due date for the throwback year, and

''(B) ending on the due date for the taxable year of the distribution,

by using the rates and method applicable under section 6621 for underpayments of tax for such period. For purposes of the preceding sentence, the term 'due date' means the date prescribed by law (determined without regard to extensions) for filing the return of the tax imposed by this chapter for the taxable year.

''(3) ALLOCABLE PARTIAL TAX.—For purposes of paragraph (2), a throwback year's allocable share of the partial tax is an amount equal to such partial tax multiplied by the fraction—

''(A) the numerator of which is the amount deemed by section 666(a) to be distributed on the last day of such throwback year, and

''(B) the denominator of which is the accumulation distribution taken into account under section 666(a).

''(4) THROWBACK YEAR.—For purposes of this subsection, the term 'throwback year' means any taxable year to which a distribution is allocated under section 666(a).

''(5) PERIODS OF NONRESIDENCE.—The period under paragraph (2) shall not include any portion thereof during which the beneficiary was not a citizen or resident of the United States.

''(6) THROWBACK YEARS BEFORE 1996.—In the case of any throwback year beginning before 1996—

''(A) interest for the portion of the period described in paragraph (2) which occurs before the first taxable year beginning after 1995 shall be determined by using an interest rate of 6 percent and no compounding, and

''(B) interest for the remaining portion of such period shall be determined as if the partial tax computed under section 667(b) for the throwback year were increased (as of the beginning of such first taxable year) by the amount of the interest determined under subparagraph (A).''

(b) RULE WHEN INFORMATION NOT AVAILABLE.—Subsection (d) of section 666 of such Code is amended by adding at the end the following: ''In the case of a distribution from a foreign trust to which section 6048(b) applies, adequate records shall not be considered to be available for purposes of the preceding sentence unless such trust meets the requirements referred to in such section. If a taxpayer is not able to demonstrate when a trust was created, the Secretary may use any reasonable approximation based on available evidence.''

(c) ABUSIVE TRANSACTIONS.—Section 643(a) of such Code is amended by inserting after paragraph (6) the following new paragraph:

''(7) ABUSIVE TRANSACTIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes.''

(d) TREATMENT OF USE OF TRUST PROPERTY.—Section 643 of such Code (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end the following new subsection:

''(i) USE OF FOREIGN TRUST PROPERTY.—

''(1) GENERAL RULE.—For purposes of subparts B, C, and D, if, during a taxable year of a foreign trust a trust participant of such trust directly or indirectly uses any of the trust's property, the use value for such taxable year shall be treated as an amount paid to such participant (other than from income for the taxable year) within the meaning of sections 661(a)(2) and section 662(a)(2).

''(2) EXEMPTION.—Paragraph (1) shall not apply to any trust participant as to whom the aggregate use value during the taxable year does not exceed $2,500.

''(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) USE VALUE.—Except as provided in subparagraph (B), the term 'use value' means the fair market value of the use of property reduced by any amount paid for such use by the trust participant or by any person who is related to such participant.

''(B) SPECIAL RULE FOR CASH AND CASH EQUIVALENT.—A direct or indirect loan of cash, or cash equivalent, by a foreign trust shall be treated as a use of trust property by the borrower and the full amount of the loan principal shall be the use value.

''(C) USE BY RELATED PARTY.—

''(i) Use by a person who is related to a trust participant shall be treated as use by the participant.

''(ii) If property is used by any person who is a related person with respect to more than one trust participant, then the property shall be treated as used by the trust participant most closely related, by blood or otherwise, to such person.

''(D) PROPERTY INCLUDES CASH AND CASH EQUIVALENTS.—The term 'property' includes cash and cash equivalents.

''(E) TRUST PARTICIPANT.—The term 'trust participant' means each grantor and beneficiary of the trust.

''(F) RELATED PERSON.—A person is related to a trust participant if the relationship between such persons would result in a disallowance of losses under section 267(b) or 707(b). In applying section 267 for purposes of the preceding sentence—

''(i) section 267(e) shall be applied as if such person or the trust participant were a pass-thru entity,

''(ii) section 267(b) shall be applied by substituting 'at least 10 percent' for 'more than 50 percent' each place it appears, and

''(iii) in determining the family of an individual under section 267(c)(4), such section shall be treated as including the spouse (and former spouse) of such individual and of each other person who is treated under such section as being a member of the family of such individual or spouse.

''(G) SUBSEQUENT TRANSACTIONS REGARDING LOAN PRINCIPAL.—If any loan described in subparagraph (B) is taken into account under paragraph (1), any subsequent transaction between the trust and the original borrower regarding the principal of the loan (by way of complete or partial repayment, satisfaction, cancellation, discharge, or otherwise) shall be disregarded for purposes of this title.''

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) INTEREST CHARGE.—The amendment made by subsection (a) shall apply to interest for throwback years beginning before, on, or after the date of the enactment of this Act.

SEC. 318. RESIDENCE OF ESTATES AND TRUSTS.

(a) TREATMENT AS UNITED STATES PERSON.—Paragraph (30) of section 7701(a) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D) and by inserting after subparagraph (C) the following:

''(D) any estate or trust if—

''(i) a court within the United States is able to exercise primary supervision over the administration of the estate or trust, and

''(ii) in the case of a trust, one or more United States fiduciaries have the authority to control all substantial decisions of the trust.''

(b) CONFORMING AMENDMENT.—Paragraph (31) of section 7701(a) of such Code is amended to read as follows:

''(31) FOREIGN ESTATE OR TRUST.—The term 'foreign estate' or 'foreign trust' means any estate or trust other than an estate or trust described in section 7701(a)(30)(D).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply—

(1) to taxable years beginning after December 31, 1996, and

(2) at the election of the trustee of a trust, to taxable years beginning after the date of the enactment of this Act and on or before December 31, 1996.

Such an election, once made, shall be irrevocable.

The CHAIRMAN. The gentleman from Washington [Mr. MCDERMOTT] will be recognized for 30 minutes, and the gentleman from Texas [Mr. ARCHER] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Washington [Mr. MCDERMOTT].

Mr. MCDERMOTT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, you have heard a lot of talk today about fairness. The amendment I propose today is as simple as it is fair. It simply extends to employees who must buy their own health insurance exactly the same tax deduction that the majority has proposed for the self-employed.

In other words, it gives employees the same 25-percent deduction of the cost of health insurance that the Contract on America offers to employers.

Now, how can Congress justify giving a deduction to small employers, but not to the people who work for small employers? Would you give a tax break to a self-employed lawyer who must buy his own health insurance, but not to his secretary who works for the lawyer and who also must buy his or her own insurance? Both are engaged in exactly the same conduct of purchasing health insurance. Providing tax incentives to purchase health insurance serves the same policy goals for both employers and employees.

For many, this tax deduction will be the difference between being able to afford health insurance and not. To provide a deduction for the employer but not for the employee cannot be defended. We must be the Congress of all the people.

The question you ask then is how do we pay for it? How do we pay for those hard-working Americans who are shut out by the Republican proposal?

☐ 1945

The lion's share of the money to pay for the employee getting the same deduction as their employers comes from changing the capital gains tax rules on Americans who renounce their citizenship for tax purposes. What better way could there be to enable hard-working, patriotic Americans to purchase health insurance than by increasing the capital gains on extraordinarily wealthy individuals who renounce this country?

Certainly, Mr. Chairman, no one can vote to protect tax breaks for those who turn their backs on America. The remainder of the money comes from changing the tax rules on foreign

trusts and on reforming the FCC minority ownership program Members have heard talked about.

The reform of the FCC program will assure that the original purpose of the incentive program is fulfilled, to encourage the communications industry to sell minority businesses interested in entering the communications field. When this program started in 1978, less than a half of a percent of broadcasts were done by minorities. Today we are up to 3 percent. It is not a perfect program, but it has worked.

To assure the long-term viability of this program, my substitute caps the amount of the capital gain deferral each transaction can receive at $50 million.

This reform in the FCC program preserves the highest goals of equal opportunity and retains an incentive, this word ''incentive,'' that great market tool consistently advocated by the Speaker and the majority leader and the whole majority, an incentive to develop new business opportunities.

The total elimination of the FCC program initiated at the last minute by the chairman of the Committee on Ways and Means has nothing to do with the ostensible purpose of H.R. 831, whichever everyone on this floor agrees with, which is to provide a tax deduction to enable people to buy insurance on their own.

The overriding purpose of this amendment is to return the bill to its original purpose, one which would give a unanimous vote and include hardworking employees who do not get health insurance through their jobs.

The number of Americans without health insurance increased by 1 million last year, mainly because more employers either dropped health insurance or failed to offer it.

The number of employees offering health insurance has been steadily declining since 1980. Nobody on this floor should have any illusions that these deductions to employers and employees will solve the overwhelming problem we have.

At best, it is a lottery, whether anybody could actually buy insurance as an individual. But these deductions give people a small margin that enables them to hold onto some health insurance until the Congress, as we are promised by the gentleman from California [Mr. THOMAS] and others, will be ready to address the fundamental problem of health insurance.

I hope we can show the American people that every Member of the House will act today to assure that all Americans who cannot obtain health insurance through their job will get a 25-percent deduction to assist their own efforts to insure themselves. The line drawn by this bill between employers and employees as proposed is a false one and cannot be defended. For that reason, I have offered this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. ARCHER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Texas [Mr. ARCHER] is recognized for 30 minutes.

Mr. ARCHER. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, the McDermott substitute would continue the FCC's policy of promoting minority ownership of broadcast facilities through special individualized tax breaks for millionaire sellers of those facilities. This loophole of up to $17 million per seller under the McDermott amendment has no justifiable place in the tax code and cries out for repeal.

In essence, the FCC awards or denies tax benefits based on the race or ethnic background of the buyer. This is wrong. Tax benefits should not be conditioned on classifications such as race or ethnicity. Our Nation's tax laws should be, as I am, color blind.

Those supporting the McDermott substitute argue that repeal of section 1071 represents, and I quote them, ''the driving of a wedge within our society between people based on racial and ethnic grounds.''

But is that not exactly what the FCC minority policies do? The minorities favored under the FCC tax certificate program are black, Hispanic, Asian, Alaska Natives and American Indians. Does it make any sense for our tax laws to be used to favor one person because he is African American or Asian while disfavoring another because he is white? Does this not in fact drive a wedge in our society between people based on racial and ethnic grounds?

Under the FCC's policies, a family descended from Spanish Jews, forced from Spain in 1492 by Ferdinand and Isabella, thereby qualified for the minority tax certificate program because they were judged by the FCC to be Hispanic. Yet non-Hispanic Jewish Americans perhaps driven from Europe by the Holocaust do not qualify. Is this not exactly the kind of racial and ethnic wedge the proponents of section 1071 say they are worried about? But McDermott would continue this. What is a minority? Should the FCC look into the family tree as to the ancestors of every American before determining whether they qualify or not?

The FCC minority tax certificate program is not even needs based. Indeed some of the minority investors who have reportedly benefited from the program are millionaires like Oprah Winfrey, Bill Cosby, and Dave Winfield. You cannot convince me that radio and TV station owners will not sell to these individuals without the benefit of a special rifle shot tax loophole.

Unfortunately, despite the progress that has been made in recent decades, yes, there still can be discrimination in our society. And I strongly believe that remedies must be available to provide redress to individuals who experience discrimination because of their race. But the discrimination inherent in the FCC's minority ownership policy is not intended to remedy racial discrimination. In fact, the FCC has never claimed that there was any discrimination in the allocation of radio or TV licenses.

Does the FCC believe there is a particular minority viewpoint that will be expressed only by minority owners? Such a concept implies that people's thoughts and views are based on the color of their skin, a concept which I would have thought most Americans would find offensive today.

Greater minority participation in all of the bounty our Nation has to offer is a goal shared by every Member of Congress, but the way to achieve that goal is not by giving special preference to some at the expense of opportunity to others.

Programs which try to achieve an ideal racial mix in ownership of businesses by discriminating in the name of anti-discrimination are doomed to failure.

I urge a vote against the McDermott substitute.

Mr. Chairman, I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. DIAZ-BALART].

Mr. DIAZ-BALART. Mr. Chairman, I thank the gentleman from Washington for yielding time to me.

This is obviously a very serious issue. It is an issue that is not to be taken lightly, and I have extraordinary respect for Members on both sides of this issue.

I think that what we are facing here really is something that is somewhat the use of a hatchet or an axe or a sword, when we can and we should use a scalpel.

The reality of the matter is that in 1978, it has been stated, less than half a percent of radio and television stations in this country were owned by blacks or Hispanics. Not 20 percent, which should be the quota, that is not what we sought by this FCC policy permitted under this section of the law. No one is talking about a quota. But, rather, an encouragement for people like in my community, who literally got off the boat a couple of decades ago, have been saving and with a lot of hard work and perseverance, are able to buy, a couple of them, have been able to buy radio stations because of 1071. So I am not an expert on this, but I know that it worked with regard to people that have the ability to permit the first amendment to be a reality and not simply a piece of paper in the telecommunications age.

□ 1950

Therefore, Mr. Chairman, with the decibels low, with respect for all points of view in this issue, without raising the decibels with accusations, which I think are unwarranted, like racism and this kind of thing, I do think, though, that this is a very serious issue, and that we should address it seriously.

Like Kondracke, Morton Kondracke said just a week ago in Roll Call, and I agree with him:

> We would do well to approach the coming conflict in a spirit of reform. . . . We would be better off to amend preferences rather than sweep them away. . . . This society is already angry enough.

I think we should remember those words as we face these issues, especially with successful programs that have permitted, as I have said before, the first amendment to be a reality in the telecommunications age.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. THOMAS], chairman of the Subcommittee on Health of the Committee on Ways and Means.

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

Mr. THOMAS. Mr. Chairman, as we look at this McDermott substitute, I think it is really important to keep in mind recent history.

For example, Mr. Chairman, the gentleman from Washington [Mr. MCDERMOTT] offered legislation in the last Congress in the area of health care reform. He criticized the Republican offer because he demanded fundamental reform before the year 2000. By 1998, he said we had to have the system completely reformed.

He stands before us tonight in the name of equity, and he said, Mr. Chairman, he said these folks who work for corporations who do not provide health insurance are going to be treated the same as self-employed.

I just did a reality check. I thought what we were doing, Mr. Chairman, was reaching back to the last year and giving the self-employed 25 percent. That would be 1994. In 1995 we are going to give them 25 percent. In 1996 we are going to give them 25 percent, in 1997, and so on.

What I found out in the McDermott amendment is that these folks do not get anything for 1994, nor for 1995. He starts them out at 15 percent for 1996. What do they do in 1997? Another 15 percent. In the year 1998, when he demanded fundamental reform for everybody or the program was not any good, he is going to give them 20 percent.

Let us look at this for what it is. It is a gimmick. Mr. Chairman, I urge the Members, come to my subcommittee as we offer full health care reform. I want to hear all the ideas. I would say to the gentleman from Washington [Mr. MCDERMOTT], I did not hear this idea in subcommittee.

I am looking forward to testimony so we can make sure that all Americans are treated fairly and equally, rather than trying some token gimmick to try to head off the first measure coming to the floor. I do hope people look at the specifics and understand why the McDermott amendment is being offered. Support H.R. 831. It is a fairness issue.

Mr. MCDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Chairman, I thank my friend, the gentleman from Washington, for attempting to really try to help the self-employed in getting deductions for their insured, for insurance.

The truth is, Mr. Chairman, health insurance has nothing to do with what is on the floor today. Health insurance is the sugarcoating for repealing the FCC provision.

Mr. Chairman, I do not mind that happening, but if they are going to shoot me down, do it with a hearing. My distinguished chairman tells me that he is color blind. Mr. Chairman, I thought he was putting me on when he first said it, but then I checked with some of his friends, and I understand he does have a physical problem in detecting color.

However, when we go into the board rooms in these great United States, and let me make it abundantly clear, there is no greater country in the world for anybody than these great United States, but somehow, Mr. Chairman, we have to believe that not everyone has the same defect. They are not color blind. If we go into the television board rooms, the editorial board rooms, the people that tell us what America is all about, they are not color blind.

If we want to correct the injustices that are here, let us have hearings and let us do it right. To do it in the middle of the night is not fair, and to make it retroactive is not good law.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. BUNNING], a respected member of the committee.

(Mr. BUNNING of Kentucky asked and was given permission to revise and extend his remarks.)

Mr. BUNNING of Kentucky. Mr. Chairman, I rise in strong support of H.R. 831 and in opposition to the McDermott substitute.

With H.R. 831, the House is for once doing the right thing. It permanently extends the health insurance deduction for the self-employed and repeals an aberration in the Tax Code. It is a clean simple bill that deserves to sail through this House.

Mr. Chairman, our Tax Code should be color blind. Neither Congress nor the IRS should be in the business of passing out tax breaks or tax increases based on creed or color. H.R. 831 repeals the only provision in the Tax Code that bases its treatment on skin color.

H.R. 831 is a straightforward bill that is paid for without smoke or mirrors. On the other hand, the McDermott substitute offers up one revenue raiser dealing with foreign trusts that its sponsor could not even explain to the Rules Committee.

The McDermott substitute also proposes that we keep intact the only provision in the Tax Code that passes out tax breaks based on creed or color.

Mr. Chairman, the 25 percent deduction for the self-employed lapsed over a year ago, but after a lot of hemming and hawing the House is only now getting around to extending it permanently. The administration and the then-Democratic majority talked the talk all last year about helping the self-employed, but they never got around to really doing anything about it.

Now that the new majority is walking the walk the new minority wants to delay things again. It's time to help the self-employed by permanently extending the deduction and to help the taxpayers by closing a loophole.

Mr. Chairman, over 3 million Americans are relying on us to extend the law that allows them to deduct their health insurance costs. The farmers and the self-employed in my district are counting on us to do the right thing.

I strongly urge my colleagues to support H.R. 831 and to oppose the McDermott substitute.

Mr. Chairman, I rise in strong support of H.R. 831. For once, the House is doing the right thing.

The Tax Code provision that gives over 3 million self-employed workers the ability to deduct their health insurance costs lapsed over a year ago. Since then these people have been slowly twisting in the wind, wondering if Congress was going to step up and restore their deduction for the 1994 tax year.

This is an issue of the utmost importance to the many small farmers and other self-employed individuals in my congressional district. If Congress does not act before April 15, these individuals will not be able to deduct these costs from their 1994 taxes and will be left high and dry.

The House now has the chance to step in and help extract these people from tax limbo. A strong vote today will hopefully help convince those in the other body to take up this matter quickly so that we can get a bill to the President's desk as soon as possible.

Mr. Chairman, H.R. 831 also gives us the chance to kill two birds with one stone. To pay for the 25 percent deduction, the bill repeals section 1071 of the Tax Code that allows the FCC to issue tax certificates to companies that sell telecommunications properties to businesses with minority interests. The selling companies are allowed to indefinitely defer taxes on any gains on the sale of radio broadcast facilities. It's part of the code that needs to be repealed.

The legislative history of section 1071 makes it clear that Congress originally passed this provision to provide tax deferrals only in instances where a sale or exchange of communications-related property was an involuntary divestiture to comply with the FCC's rules regarding ownership of broadcast facilities.

But, in the 1970's, without congressional approval, the FCC broadened the meaning of section 1071 and began allowing tax deferrals for voluntary divestitures that met certain criteria. In 1978, the FCC adopted a policy in which it would grant tax deferrals to companies or individuals who voluntarily sold their

broadcast facilities to an entity that had a minority controlled interest.

Now, section 1071 is the only provision of the tax code that allows a Federal agency to administer what is essentially an entitlement program to big businesses that understand how to unfairly manipulate the rules that promote minority control of media outlets.

For instance, under this provision of the code, a recent deal between Viacom, the minority controlled Mitgo Corp., and InterMedia Partners qualifies for a tax deferral and would end up costing the American taxpayers over $600 million.

The upshot of the Viacom deal is that Viacom will get an indefinite tax deferral of $640 million, and the African-American owner of Mitgo will walk away from the deal in several years with roughly $5 million in profits after having sold his interest in Viacom's cable television systems to Telecommunications, already the largest cable TV operator in the country. Everybody wins but the taxpayers.

The bottom line is that the FCC is now using section 1071 to promote a policy that was never part of the original congressional intent for that part of the code. Without congressional approval, the agency expanded its power to grant tax breaks, and it's now time for Congress to rein in the FCC.

Mr. Chairman, I think that the Internal Revenue Code should be color blind. Individuals should not get tax breaks nor should they get taxed more because of their skin color; there should not be carve-outs in the code for businesses just because a minority interest is involved. I see no reason why the Tax Code should not be used as another arm of Affirmative Action and it's time to remove section 1071 from the code.

As a side note, Mr. Chairman, I need to note how ironic I find that the House is only now getting around to extending the self-employed health insurance deduction after haggling for over 2 years about how to pass a health care reform that provides health care coverage to more Americans.

Ever since the 25-percent deductibility for the self-employed lapsed at the end of 1993, the administration and the then-Democratic majority lamented how they wanted to help these individuals with their health insurance costs.

But because of the administration's all-or-nothing strategy on health care reform last year, the self-employed got just that—nothing. At any point over the past 14 months, the administration or the then-majority could have moved legislation at any time to permanently, or even temporarily, extend the 25 percent deduction for the elf-employed. They did not do so.

The 25 percent deduction for the self-employed was held hostage because the President refused to consider any health-related legislation except for a radical health care bill. When health care reform legislation died at the end of the last Congress, so did any hopes for passing the 25 percent deduction.

Now, finally, it is getting passed. The administration and the then-majority talked a pretty good talk about helping the self-employed pay for health insurance, but it is the new majority that is walking the walk.

Frankly, I would like to see the self-employed be able to deduct 100 percent of their health insurance costs. Businesses can claim the full deduction for their employees' insurance costs, and I see no reason why the self-employed should be treated any differently under the Tax Code. There just is not any reason for this disparate treatment.

H.R. 831 is only the first step in permanently establishing parity in this area between the self-employed and every other business in America. The sooner that Congress gives the self-employed workers in this country the same tax break that it gives to other businesses, the better. I expect that Chairman ARCHER will eventually move to give the self-employed the ability to deduct 100 percent of their health insurance costs, and I will do what I can to support him.

Mr. MCDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. MENENDEZ].

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

Mr. MENENDEZ. Mr. Chairman, I rise in strong support of the McDermott substitute. It represents a balanced compromise that extends the benefits of tax deductions for health insurance to millions more Americans, and carefully preserves the best aspects of the tax provisions related to the sale of broadcast facilities to minority owners.

Mr. Chairman, the rhetoric of empowerment flows freely from the same lips that today have condemned section 1071, and the irony is almost overpowering. Section 1071 is designed expressly to empower minorities to build businesses that employ people, serve the market, and generate revenue.

Minority buyers pay market price for the broadcast facilities purchased under this provision. There are no subsidies. These provisions have encouraged sales to minorities without distorting the market, precisely the kind of empowerment that is so pervasive in Republican rhetoric these days.

Mr. Chairman, there is no special gain or advantage for minority bidders. Instead, it is the seller who enjoys the tax break. What could be more Republican? Vote for the McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. ZIMMER], a valued new member of the committee.

Mr. ZIMMER. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, the supporters of section 1071 have characterized this debate as the first battle in an impending war over affirmative action. As someone who personally believes very strongly that the Federal Government has a decisive role to play in promoting civil rights and equal opportunity, I ask the defenders of this tax giveaway, do they really want to do battle on this battlefield? Even if they believe in affirmative action, they have to concede that section 1071 is a particularly goofy program, even by the standards of the tax code, and it is an incredible waste of taxpayer dollars.

It will continue to be a waste of taxpayer dollars, even if the Gibbons-McDermott amendment is adopted. The Gibbons-McDermott amendment would not change the essential character of section 1071. Every cent of the tax benefit would still go to the sellers of communications properties; generally speaking, rich white guys.

Not one cent of this taxpayer subsidy would have to go to the minority purchaser. The minority purchaser still would not have to show that he or she is economically disadvantaged, or that he or she needs help economically to make the purchase.

Mr. Chairman, even if the purchaser is a millionaire himself, he would not have to contribute a single dollar to the purchasing entity. Is this what we mean by affirmative action? By tying the future of affirmative action to this misbegotten program, Members are making a dreadful mistake and doing a real disservice to their cause.

My Democratic colleagues who inveigh against corporate welfare and trickle-down economics ought to recognize them when they see them, and not try to perpetuate this giveaway. Evidently, the sponsors of the Gibbons-McDermott amendment understand that the Viacom deal is indefensible, because they would block it, too, under their own proposal.

Although they propose scaling back the maximum size of this loophole, they have not attempted to change its essential nature.

□ 2010

It is still basically a subsidy for rich white people.

In the course of this debate, in the committee and on the floor, we have heard a lot of heated rhetoric. We have heard about Adolf Hitler. We have heard about David Duke. We have heard about playing the race card. I urge the champions of civil rights in this Chamber not to expend your rhetorical heavy artillery on this cause, to save it for a more worthwhile cause. I urge this House to reject the Gibbons-McDermott amendment.

Mr. MCDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. MFUME].

Mr. MFUME. Mr. Chairman, let me say to you and remind myself that this debate really is not about the deductibility of health insurance for the self-employed. That might be the intent by some, but the effect is something altogether different, and at some point in time we ought to stand up and admit that. Because if we were really serious about doing away with this second-class citizenship that they now enjoy, we would have approved the Cardin amendment, which was an 80-percent deduction, or the Mfume amendment, which has a 100-percent deduction and paid for with surplus funds. Or we would even now support the McDermott substitute. But we are not doing that. This is not about them. This is about a charade, a bigger smoke screen. Because this makes the 25 percent permanent. It says, ''You're going

to permanently be second-class citizens, those of you who are self-employed.'' So if we are real and if we are serious, we ought to give them what everybody else has, and that is an 80- or 100-percent deduction.

Second point. This is not about what this bill allows. It is about what it disallows. It disallows an incentive. There are those who would argue that we should not be giving incentives to businessmen. I do not ever remember hearing that argument from the other side of the aisle until today.

If we are going to talk seriously and be frank, let's say what people are thinking. People are looking at this, ladies and gentlemen, and seeing this as a race debate. That is how people are seeing it around the country. Not me. Not the chairman. Not the one who has got the substitute. The people are seeing it. Because we are playing it that way. We are. Someone said this is about affirmative action. This is not the fight about affirmative action. I want to be very clear about this. This is the flare that goes up before the firefight, that lights the horizon, that shows the way.

Let me suggest that the real fight is on the horizon. I would hope and I would remind individuals who are here today who think that affirmative action will go down quietly that that is not the case.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HERGER], a valued member of the committee.

Mr. HERGER. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Washington. Recently I participated in a Ways and Means subcommittee hearing on this very program which basically rewards individuals buying communications properties for at least nominally including minority partners. Over the last 17 years, this Federal Program which defers taxation of gains in a sale to a minority purchaser has cost American taxpayers over $2 billion while the number of minority-owned communications businesses has grown very little.

Further, 71 percent of all radio stations purchased by minority-controlled groups were resold within an average of 3½ years. Even proponents of affirmative action admit that this program does nothing for the poor or uneducated.

Mr. Chairman, I believe that minority buyers are entitled to every advantage available to nonminorities. However, I strongly oppose creating special racial subgroups of Americans in the tax code. Of all the government-run-amok Federal programs, this has got to be one of the very worst. It is just not equitable that average citizens should pay taxes while multibillion-dollar communication firms and a select few upper class minorities get a free ride on up to $50 million. Clearly, this law creates a hole in the Internal Revenue Code that tax attorneys can drive a truck through.

Mr. Chairman, let's treat all citizens equally under the Tax Code. Vote ''no'' on this amendment.

Mr. MCDERMOTT. Mr. Chairman, I yield 1 minute to the gentlewoman from California [Ms. WOOLSEY].

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Chairman, I rise in support of the McDermott substitute to allow both the self-employed and employees, employees who are not covered, not insured by their employers, to deduct a portion of the cost of their health insurance.

The McDermott substitute is both sensible and fair. Allowing uninsured employees who purchase their own coverage to take the same deduction that we are giving their employer may reduce the number of Americans who are not insured. The McDermott substitute will encourage individuals who are currently uninsured to buy health insurance. And the McDermott substitute does this at no cost to employers. What could make better sense?

Mr. Chairman, we have a long way to go to reform health care in America and to achieve universal coverage for all Americans. But the McDermott substitute is a step in the right direction.

I urge my colleagues to vote for the McDermott substitute.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BONILLA].

Mr. BONILLA. Mr. Chairman, H.R. 831 is a tax bill and the race card has been played and that is very unfortunate.

I happen to be an American of Hispanic descent who grew up in a family where my father often worked 3 jobs to put food on the table and my grandmother worked for 30 years as a maid in a hospital to support herself.

In my family, no one ever expected to be treated differently. All we ever expected was a fair shot. People who play the race card sadly have no substance in their arguments. This is a tax break that has not worked. It was originally designed to increase minority participation in broadcasting but this has not happened. In fact, the percentage of minority ownership has actually decreased.

If you want to play the race card, look at it this way. You are helping hundreds and maybe thousands of minorities in this country who are self-employed, like José Cuevas, small businessman in Midland who needs this tax break; people like Julius Brooks, an African-American small businessman in my district.

Let's vote for this bill and against the McDermott substitute because it helps all Americans.

When I was young, the Bible taught us and we sang in church that red or yellow, black or white, we are all precious in his sight.

Mr. MFUME. Will the gentleman yield?

Mr. BONILLA. H.R. 831 is color-blind. We should vote for it and against the McDermott amendment.

Mr. MFUME. Will the color-blind gentleman yield?

Mr. BONILLA. I will not yield.

Mr. MFUME. Will the gentleman yield for a moment?

The CHAIRMAN. The time of the gentleman from Texas [Mr. BONILLA] has expired.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair would remind all Members to address their remarks through the Chair.

Mr. MCDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from New Mexico [Mr. RICHARDSON].

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

Mr. RICHARDSON. Mr. Chairman, this is a wedge issue. This is the opening salvo on the Contract With America's war on minorities. Next it is affirmative action, and it is going to cover women.

Mr. Chairman, we could have financed this provision through the compliance provisions in the administration package. The tax certificate was specifically targeted.

What is wrong with this provision? It has been on the books since 1978. No Republican President has gone after it. What we have here is diversity in the airwaves, allowing minorities to compete.

□ 2020

Is there quotas when it is only 3 percent of minorities that own stations, 323 radio-television stations owned by minorities? What is wrong with in a ghetto or Indian reservation or Hispanic area for minorities within those communities to have a chance to own some of these radio stations? What is wrong if somebody has made money out of these provisions? Are loopholes only going to go to the nonminorities? Do we have an opportunity here to undo this legislation?

The McDermott amendment is a good provision. This is a bad amendment, but it is the first in a salvo of many initiatives that are wrong and should not happen, and it should be rejected by this House.

H.R. 831 reinstates the 25% health insurance deduction for self-employed persons. H.R. 831 is in large part paid for by repealing the Federal Communications Commission (FCC) Sect. 1071, the minority broadcasting tax certificate, that allows sellers to defer capital gains on the sale of media properties to minorities.

Broadened in 1978 to include minorities, the FCC minority broadcasting tax certificate allows sellers to defer capital gains on the sale of media properties to minorities.

The FCC tax certificate has enabled scores of minorities to own and control broadcast cable businesses. It has made for a five-fold

increase in minority control of radio and television stations, and to a lesser extent cable systems.

Before 1978, minorities owned less than one-half of one percent (0.5%) of the total broadcast licenses issued by the FCC. A 1994 study reports that there are 323 radio and television stations owned and run by minorities, nearly 3%.

It is doubtful that repeal will raise promised revenues or result in savings, since many sales would never take place without the tax certificate. There are other alternatives—such as stock swaps—that allow sellers to benefit from tax-free exchanges.

The FCC Sect. 1071 simply gives minority businesses that may not have stocks or other capital the opportunity to compete. Most sellers would not take a chance on minority buyers without the FCC Sect. 1071 tax certificate and would look instead to other tax-free transactions.

The FCC tax certificate is a true ''empowerment'' program for the Hispanic market. It provides business development in minority communities, self-sufficiency, and creates jobs.

The FCC tax certificate promotes diversity in the airwaves. For millions of Latinos, for example, having immediate Spanish language information could mean the difference between life and death in a disaster situation.

IMPACT OF MCDERMOTT AMENDMENT ON FCC TAX CERTIFICATE PROGRAM

H.R. 831

Section 1071 of the Internal Revenue Code allows the Federal Communications Commission to issue tax certificates to companies that sell communications properties as a result of changes in FCC policy, allowing the seller to defer tax on the gain if the proceeds are reinvested in qualifying communications properties.) The FCC policy has been principally used to accomplish diversity in broadcast ownership. Since 1978, the FCC has issued tax certificates to firms that sold properties to qualified minority buyers.

H.R. 831 would abolish the Section 1071 tax certificate program outright.

THE MC DERMOTT AMENDMENT

Section 1071 is retained only for ''qualified transactions'' under the FCC's Minority Ownership Policy.

Tax could only be deferred on gain up to $50 million per transaction or group of related transactions. (The $50 million cap allows minority buyers to use tax certificates in major markets, but bars ''mega-deals'' from qualifying for tax certificates. The restriction on ''related transactions'' ensures that sellers cannot break up sales into $50 million parcels to evade the cap.)

The FCC must certify that the sale is in furtherance of the FCC's Minority Ownership Policy.

The sale must be made to an ''eligible'' individual, corporation, or partnership, i.e.:

an individual qualifying under the FCC's Minority Ownership Policy (Black, Hispanic, Native American, Alaska Native, Asian, and Pacific Islander);

a corporation in which eligible individuals—directly or indirectly—own more than 50% of the voting stock and stock representing more than 20% of the value of the corporation;

a partnership in which eligible individuals directly or indirectly—have actual control and own at least 20% of the value of the partnership.

Permitting indirect ownership recognizes that there may be intermediate owners (e.g., the corporation may be a subsidiary of a minority-controlled corporation).

Property must be held by the minority buyer for at least 3 years. Buyout or repurchase agreements by ineligible persons would be prohibited.

ESTIMATED REVENUE EFFECTS OF POSSIBLE DEMOCRATIC SUBSTITUTIONS TO H.R. 831—FISCAL YEARS 1995–2000

[Millions of dollars]

Provision	Effective	1995	1996	1997	1998	1999	2000	1995–00
1. Limit gain section 1071 transactions to $50 million	1/17/95	295	344	82	77	98	121	1,016
2. Modify section 1033[1]	2/16/95	13	30	40	53	74	106	316
3. Disallow the EITC to taxpayers with income over $2,500 from the following sources; Interest, tax exempt interest, dividends, and gross revenues from rents and royalties	tyba 12/31/95	.....	56	562	608	641	686	2,553
4. Health insurance deductions:								
a. Self-employed individuals, 25% deduction	tyba 12/31/93	−487	−398	−435	−484	−536	−584	−2,925
b. Employees not eligible for employer-subsidized insurance: 15% in 1996, 15% in 1997, 20% in 1998, 20% in 1999, and 25% thereafter	tyba 12/31/95	.....	−208	−644	−774	−997	−1,159	−3,782
5. a. Revise taxation of income from foreign trusts	2/6/95	88	182	195	210	226	242	1,142
b. Revise tax treatment of renouncers of citizenship	2/6/95	60	181	248	323	405	494	1,711
Total	.....	−31	187	48	13	−89	−94	31

[1] This estimate includes adjustment to account for interaction with limiting the gain on section 1071 transactions to $50 million

Note: Details may not add to totals due to rounding.

Joint Committee on Taxation.

PROJECT FOR THE REPUBLICAN FUTURE,
Washington, DC, February 21, 1995.

Memorandum to: Republican leaders.

From: William Kristol.

Subject: Moving Forward on Affirmative Action

''I think the worst thing that could happen is you take an issue like affirmative action or the whole issue of civil rights and race relations in this country and make it a political issue. That's the most dangerous thing that could happen . . . On affirmative action, we clearly oppose moving backwards. Where you have discrimination, you need to have a remedy. That includes affirmative action.''—White House Chief of Staff Leon Panetta, on ''Meet the Press,'' February 12, 1995.

''Affirmative action was never meant to be permanent, and now is truly the time to move on to some other approach. You can try to paint Republican opponents as having been captured by the far right and the like, but that's not going to make the Democratic Party the majority party again. In fact, there's a bad potential for this issue to drive a wedge right through the Democratic Party, if it doesn't yield some.''—Democratic strategist Susan Estrich, in The New York Times, February 16, 1995.

Ironies abound in politics; large issues have a way of forcing themselves into public debate in unexpected form, on an unpredictable schedule. We're now halfway through the Republican Contract's 100-day legislative calendar. The GOP House and Senate have already achieved some notable successes. But neither chamber has yet cast, to the best of our knowledge, a floor vote on any bill that directly undoes an existing government program. Until now, that is. And the bill and program in question aren't mentioned in the Contract at all. In fact, the bill the House is scheduled to vote on (and will likely pass) today, Ways and Means Committee Chairman Bill Archer's H.R. 831, would actually kill a large tax break.

Now as it happens, the tax break involved is preposterous and Chairman Archer's legislation is self-evidently necessary. It would pay for a permanent extension of the 25 percent deduction for self-employed health insurance costs. That's a good cause. But the bill's true subject is affirmative action. And we'd be for it, and for doing it now, even if it paid for nothing—because it represents a strategically intelligent first step in what should be a major element of the Republican Party's larger, post-Contract agenda: a rollback of the massive system of racial preferences and setasides that has come to infect federal law and American life over the past 25 years.

Chairman Archer's bill repeals section 1071 of the Internal Revenue Code, which since 1978 has been interpreted by the Federal Communications Commission to allow companies selling broadcast properties to ''minority controlled'' enterprises to defer taxes on any capital gain. Mr. Archer's principal complaint against this provision is that its World War II-era provisions have been oozily transformed by the FCC into an agency-granted tax break—a usurpation of Congressional prerogative and authority. He's right. But there's also a much deeper ugliness at work in the FCC program, as recent news accounts of an attempt by the Viacom Corporation to take advantage of it make clear.

Viacom, the world's second largest media and entertainment company, plans to sell off its cable television stations to a group of investors dominated by InterMedia Partners and Tele-Communications Inc., the giant cable company. It's a $2.3 billion deal. But because, technically speaking, the investor of record in this deal is a minority, Viacom would be permitted to defer hundreds of millions of dollars—maybe more than a billion—in taxes. And the real purchasers here won't be inconvenienced at all; the deal's investor of record is allowed to cash out his $1 million stake at a hefty profit after just a few years. He is, incidentally, one Frank Washington, who as a Carter Administration FCC attorney in 1978 designed the whole ''minority ownership program'' in the first place.

Not to put too fine a point on it, Viacom is engaged in a particularly vulgar, though perfectly legal, affirmative action scam. But it's not a new one; again, this particular FCC initiative has been in place, doling out more than 300 such tax certificates, for 17 years. And the program isn't an isolated affirmative action grotesquerie, either. There is the huge 8(a) set-aside program at the Small Business Administration, for example. And hundreds of other programs and provisions,

written into the sinews of federal law and administrative practice, make similar distinctions among American citizens on the basis of their skin color—with ever-increasingly questionable effects on their ostensible beneficiaries, and to the obvious detriment of race relations nationwide.

What's interesting, then, is that all of a sudden it seems possible that mere scrutiny of these programs will be enough to demolish them. Many of us long ago came to the conclusion that affirmative action, at this point in American history, is virtually indefensible. What's striking about the current political situation, in the aftermath of November 8, is how many other people apparently think so, too. Consider this: Charlie Rangel, second-ranking Democrat on Ways and Means, could produce only 10 of 15 possible Democratic votes against Chairman Archer's bill in committee, and was reduced to invoking Adolf Hitler in his churlish post-vote press release. Or this: Susan Estrich, no right-winger she, tells The New York Times (as quoted above) that the statute of limitations on slavery and segregation has run out, and that affirmative action should be scrapped. Period.

Of course, it's easy for Ms. Estrich to speak so bluntly and candidly; she has no current institutional responsibility to the Democratic Party, whose alignment of constituencies is such that any debate on affirmative action may blow it completely apart. Which is why Leon Panetta (also quoted above) is so eager to deny that affirmative action is a legitimate political issue at all—what kind of issue does he think it is, we wonder?—and why he wants us to understand that any near-term political movement on the question of race preference will be movement ''backwards.''

Republicans are not obliged to alter or trim their principles for the convenience of Democratic Party voter mobilization, of course, which is why we say: move forward—it's the right thing to do. Men like California state assembly Speaker Willie Brown will decry any rollback as ''totally and completely racist'' (USA Today, February 16). Jim McDermott (D-WA) will try to muddy the waters with a substitute to H.R. 831 that blocks the Viacom tax break while otherwise preserving the FCC program. And Mr. Panetta will probably warn, again, that ''discrimination'' needs a ''remedy.'' But the guessing here is that neither Congress nor ordinary voters will be fooled. Discrimination does have a remedy; it's illegal. Affirmative action—counting citizens by race, and allocating benefits accordingly—is something else, something that increasingly strikes more and more Americans of all colors as fundamentally unfair and incompatible with their own best traditions and highest hopes. Witness the spectacular early success of the California Civil Rights Initiative (CCRI), whose sponsors haven't even begun collecting the requisite signatures for ballot approval in 1996, but is already considered a virtually sure thing for passage.

Congressional Republicans need not immediately reach for a CCRI-like magic bullet that would in one fell swoop erase every offensive jot of race consciousness from federal practice. Constructing such a law would be a complicated undertaking, in any case, so thoroughly has affirmative action buried itself in our laws and regulations. And the effort need not be rushed. It wouldn't be a bad thing to have the affirmative action debate again and again, program by program and law by law, as the next several months go by. It's only through such revealing debate, after all, that a full public consensus about the need to close our affirmative action era can be achieved. Bill Archer has done us the service of beginning such a responsible and level-headed debate by readying Congress, for the first time in a quarter century, to dismantle a race-conscious federal program. Republicans should continue the service by doggedly pursuing the subject in the future.

The sudden willingness, even courage, of American politicians to challenge what was until very recently unchallengeable—racial preferences—is a clear sign of how completely November's Congressional election has altered our national landscape. Almost every American political piety of the past few decades is now squarely on the table, open for debate at last. These are debates that the Democratic Party, defender of the status quo, can only fear. And those Republicans who might privately worry over what to do once our first 100 days are complete can take heart: there is a broader, just as popular, just as principled agenda available for our future pursuit. Establishing a system of color-blind law and public policies is a not inconsiderable case in point.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. CANADY].

Mr. CANADY of Florida. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in opposition to the McDermott substitute.

The outright repeal of IRS section 1071 is essential if we are to start dismantling the failed system of race-based preferences and move toward the goal of a color blind society.

The inherent flaws in the system which section 1071 perpetuates—a system which provides benefits to some members of our society and denies benefits to others based solely on their race or ethnicity—are undeniable.

Justice Sandra Day O'Connor, writing about the racial preference system in the case of Richmond versus J.A. Croson Co., said of such systems:

> They endorse race-based reasoning and the conception of a Nation divided into racial blocs, thus contributing to an escalation of racial hostility and conflict . . . Such policies may embody stereotypes that treat individuals as the product of their race, evaluating their thoughts and efforts—their very worth as citizens—according to a criterion barred to the Government by history and the Constitution.

According to studies at Rutgers and George Washington universities, FCC minority preference programs, including the application of section 1071, have done little to foster diversity in programming. Moreover, of the minority-owned radio stations that received FCC tax certificates between 1979–92, only 29 percent of those stations were still controlled by the minority purchaser at the end of 1992. Many minority investors choose to quickly divest their interests and reap significant profits.

Under section 1071, we have the worst of both worlds: we perpetuate a system of racial classification—and at the same time provide enormous benefits to individuals who are far from disadvantaged.

By repealing IRS Code Section 1071, we will save the taxpayers $1.4 billion over 5 years. But just as importantly, we will eliminate a Federal Program that has not only failed in its intended goal, but given credence to the idea that we should deal with people on the basis of the color of their skin.

I encourage my colleagues to oppose the McDermott substitute.

Mr. McDERMOTT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, I support the bill but the substitute makes it much better. Speaker after speaker on both sides of the aisle have spoken about the need to pass legislation in the interest of tax fairness, giving self-employed a partial deduction, representing equitable treatment for the total tax deduction allowed businesses and corporations.

Tax fairness also makes it imperative we allow a deduction not just for the self-employed, but to all others who purchase their coverage because they are not covered at their place of employment. No one has offered one word of defense for treating businesses differently than self-employed or for treating self-employed different from all other employees.

Clearly all of us must believe when it comes to health insurance, corporations and those who are self-employed are no more entitled to tax breaks than all other men and women who purchase their health insurance. This substitute improves the bill and should be passed. I urge the Members of this House not to discriminated between business and self-employed or self-employed and all other employees. Pass the substitute.

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. RAMSTAD], a valued member of the committee.

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

Mr. RAMSTAD. Mr. Chairman, I rise in strong opposition to the McDermott amendment and in strong support of H.R. 831.

This measure restores the extremely important 25-percent deduction for health insurance costs for self-employed.

Mr. Chairman, it is grossly unfair that farmers, small business owners, and other self-employed Americans can't fully deduct health care expenses like other businesses.

Hundreds of thousands of self-employed Americans across the country are already preparing their 1994 tax forms. They need relief now.

This measure also rectifies a problem in the current tax code that has given a Federal agency unprecedented authority to craft tax policy.

That is why it is important to vote against the McDermott amendment, which fails to adequately close the section 1071 loophole, which costs taxpayers hundreds of millions of dollars a year.

Let us move quickly to pass the legislation and restore certainty and fairness to the lives of America's self-employed

I urge my colleagues to vote in favor of H.R. 831.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentlewoman from Washington [Mrs. SMITH].

Mrs. SMITH of Washington. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today in opposition to the McDermott substitute amendment. While the McDermott substitute also restores a small health insurance tax deduction for self-employed, it pays for it in a desperate and haphazard manner.

Both Republicans and Democrats alike realize the importance of the 25 percent health insurance deduction. This deduction restores an element of fairness to the system. For too long, self-employed individuals have faced daunting circumstances when attempting to obtain health insurance for themselves and their family. Because the 25 percent insurance deduction expired on December 31, 1993, self-employed individuals are facing a tax filing on April 15 without any deduction at all.

The very least this Congress can do is reinstate this deduction; more importantly, make it permanent. Do not play around with it, do not make it political just make it permanent.

I commend the chairman and the members of the committee for doing this so quickly because it will actually put money back in the hands of small businesses to pay for their own families' health insurance, which is what they need to do with this money instead of giving it to the Government.

I guess I want to conclude by saying it amazed me that a bill that seemed so good that came at the request of so many in my State of Washington would have so much political rhetoric behind it. It seemed so reasonable to pay for this bill by a tax loophole that has become a front by using minorities to be able to use them, so white billionaires could actually take advantage of a tax loophole. It amazed me that my colleagues, some from Washington, would actually support big business welfare and using people of minorities as a front.

Let us get back to the bill and the purpose of this bill.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in full support of the McDermott substitute and against H.R. 831 as currently written.

Mr. Chairman, I rise in opposition to H.R. 831 and in support of the McDermott substitute.

Mr. Chairman, I strongly question the particular method by which my Republican friends purport to pay for the costs of the legislation before us—by retroactively eliminating the Federal Communications Commission's [FCC] minority tax certificate program to simply target a straightforward, legal transaction between an African-American entrepreneur, Frank Washington, and Viacom, Inc.

Ironically, eliminating the tax certificate program will have the effect of dooming this particular transaction and, therefore, any expected revenue to the Treasury as a result. In other words, yes that's right, my GOP colleagues will actually increase the deficit with this legislation given the fact that the revenue estimates from the Joint Committee on Taxation rely heavily on the Viacom deal, which is moot given the repeal of section 1071 of the Tax Code.

This retroactively smacks of political posturing, pure and purposefully.

The tax certificate program has been a key element in expanding the number of minority-owned and operated television, radio, and cable stations across our country and bringing more citizens into the great public policy debates of our time.

Despite the fact that diversity in these industries has been constitutionally upheld as a vital goal of U.S. telecommunications policy, despite the fact that today only 2.9 percent of broadcast firms are minority-controlled, despite the fact that undercapitalization continues to be a major impediment to minority representation in all telecommunications-related fields, the Republican leadership of this body sees the FCC minority tax certificate program as a needless initiative.

It was a sad commentary on the Republican party when it chose this undemocratic action of preventing minorities who wish to own and operate TV, radio, cable, satellite, et cetera from embarking upon the information superhighway. This clearly is a despicable undertaking to sever lines of open communication and to silence those who might counteract the debatable rhetoric of the rightwing airwave wordsmiths.

All the minority tax certificate program does is seek to create a fair opportunity for minority entrepreneurs that have, unfortunately, been historically locked out of the broadcasts and cable markets.

Do my colleagues on the other side of the aisle believe that diversity of ownership in the telecommunications arena is not a valid objective? I think not.

I urge my colleagues to vote no on H.R. 831, and reject this blatant Republican step in an inevitable series of attempts to roll back the clock on equal opportunity for America's minorities.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. DIXON].

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

Mr. DIXON. Mr. Chairman, I rise in support of the McDermott substitute.

Mr. Chairman, I rise in support of the Gibbons-McDermott amendment. I rise also to express my deep concern about H.R. 831.

I strongly support the efforts of the Committee on Ways and Means to restore and make permanent the tax deduction for 25 percent of the health insurance costs for self-employed individuals. I cosponsored legislation to achieve that goal in the 103d Congress, as well as in the present Congress.

However, it is extremely unfortunate that the majority has chosen to pay for the deduction with the elimination of the minority preference program in broadcasting. If ever there was a situation where the best interests of one group of Americans is pitted against those of another—this is it.

From both a symbolic and practical standpoint, this is bad policy. For 17 years the Federal Government has sought to encourage minority entrepreneurs to enter the telecommunications market through the preference program. Now the committee has sent a signal that it is no longer necessary to work in an affirmative fashion to enhance minority ownership in the broadcasting industry.

Nothing could be further from the truth.

While there has been a fivefold increase in minority ownership of broadcasting stations since inception of the preference program, minority ownership currently stands at only 2.9 percent. Minorities are still vastly underrepresented in the broadcasting industry. Elimination of the preference program will serve to sanction that situation.

There was no legitimate rationale for the committee to eliminate the preference program. The substitute now before us was offered in committee to address criticisms of the program—but retain its basic goals. The majority chose instead to completely dismantle the program.

I take strong issue with the majority's contention that the Tax Code should be color-blind. Enhancing access to capital and encouraging minority entrepreneurship should be viewed as an essential element in this Nation's efforts to revitalize minority communities and empower Americans long denied opportunity. The Tax Code is an appropriate vehicle to achieve those objectives.

Enough has not been done; the playing field is not level, and preferences for certain groups of Americans historically denied opportunity are as relevant and necessary in 1995 as they were in 1978 when this program began.

The Republican majority is clearly committed to using the Tax Code to encourage a range of economic goals. I regret that expanding access to capital in the minority community is not one of them.

While I support making permanent the extension of the deduction for health insurance costs for the self-employed, I cannot support legislation that accomplishes that goal by denying opportunity to another group of Americans.

The Gibbons-McDermott substitute not only expands the health care deduction to employees whose employers do not subsidize their health care—it does so without elimination of minority preference in broadcasting.

I urge my colleagues to support the substitute.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from Louisiana [Mr. FIELDS].

(Mr. FIELDS of Louisiana asked and was given permission to revise and extend his remarks.)

Mr. FIELDS of Louisiana. Mr. Chairman, I rise in strong opposition to the bill and in support of the substitute.

Mr. Chairman, while I rise in favor of the permanent extension of the current 25-percent health insurance deduction for the self-employed, I strongly object to the means by which the legislation proposes to replace the $2.9 billion in revenue which will be lost with a deduction for health care cost.

This bill is a double edged sword in that supporting a tax deduction for working Americans will injure other hard working Americans.

This legislation brings us to a crossroad, on one hand the self-employed benefit from deduction, and on the other we take away a policy the Federal Communications Commission established over 20 years ago. The tax incentives provided to businesses giving minority-owned firms has given opportunities to over 300 minority-owned firms increasing minority ownership from 0.5 percent to 2.9 percent. Repealing this law, today, severely effects the highly innovative and forward moving communications industry. While there is no proof that dismantling section 1071 will provide more revenues to make up for the 25-percent self-employed health insurance deduction there are facts to back up the need for this program. This program provides for program diversity which must not be abandoned. We can not let the bill stand as is.

Mr. Speaker, we must work to not allow the vying of one group of working Americans against another. It is not fair to ask us to support this and I hope Members will act responsibly and vote down H.R. 831.

Mr. MCDERMOTT. Mr. Chairman, I yield 1½ minutes to the gentleman from Michigan [Mr. LEVIN].

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

Mr. LEVIN. Mr. Chairman, we must pass legislation to assure deduction of health costs for the self-employed. We also need to make sure that the present section 1071 is not violated in letter or spirit.

I believe that the Viacom transaction is so large that it goes beyond an appropriate use of section 1071, and the Gibbons amendment provides a reasonable middle path. It is appropriate to review programs that aim to encourage opportunities for minorities as to their specific purposes, their structure, and their effectiveness or lack of it. But there has not been a comprehensive review of section 1071. There was no hearing at all at full committee.

The facts are that since the FCC began to apply the tax certificate program to minorities, minority ownership has risen from a tiny half present to 3 percent. The vast majority of transactions have been quite small and the average holding period by the new owners has been 5 years, and in more than 100 transactions the original owners still hold the license. The McDermott language limits the use of 1071 to transactions with these characteristics.

It is said the law should be color-blind. That does not mean it should be blind to racial or other discrimination.

If the House does not adopt the Gibbons-McDermott amendment it will be up to the Senate to take a more comprehensive look at section 1071. It deserves that careful look, just as the deduction for health insurance deserves action tonight.

I support the Gibbons-McDermott amendment.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. WATTS], a new and respected Member.

Mr. WATTS of Oklahoma. Mr. Chairman, I have great respect for the men and women on both sides of this debate on H.R. 831. However, in my opinion, I think much of the opposition's debate on H.R. 831 and repeal of 1071 is off point.

Many of my colleagues think that this repeal is pointed toward minorities. If we do away with this provision, then minorities would somehow lose out on benefits that could help them prosper.

In fact, the unintended consequence of this well-intentioned policy is to benefit the business that sells to a minority rather than the minority.

Moreover, since 1941 minority ownership of broadcast outlets has increased by less than 2.2 percent. We can encourage minority ownership by supporting measures other than this warped method of taxation.

□ 2030

This abuse of the system is the worst example of administrative interpretation gone awry. I think the intent was good, but clearly this was not its intended purpose. The purpose was not to allow companies to avoid millions of dollars in taxes. I ask those who agree and those who disagree with this bill and really want to make a difference in the prosperity of the minority community to join me and support free enterprise with capital formation and relaxing lending regulations. We need to support enterprise zones and give tax incentives for business development in areas that do not produce revenues now.

Most of all, we need to renew our culture and encourage basic education, and I take this opportunity to say, Mr. Chairman, give Americans a flat tax.

Mr. MCDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MILLER].

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Chairman and members of the committee, I rise in strong support of the Gibbons-McDermott substitute to extend the 25-percent deduction to employees who are not eligible to participate in employer-sponsored health plans.

I noted with interest yesterday that the Republicans on the Committee on Ways and Means are looking for a definition of work. Well, they have to understand that that is what millions of Americans do every day when they get up out of bed; they go to work. Millions of Americans go to work and work every day, but they are not able to provide health insurance for themselves or for their family.

What the McDermott bill would do is to say that those workers are every bit as noble as self-employed individuals. This would make sure that we would have equity and fairness in providing the deduction so that people who take it upon themselves to go out and try to provide health insurance for themselves would get the same deductions as the self-employed individual.

When you find the definition of work, you will find there are millions of Americans that do it every day, and they ought to be extended the same dignity that you give to self-employed individuals.

Mr. ARCHER. Mr. Chairman, I yield 5 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], chairman of the Subcommittee on Oversight and a valued member of our committee.

Mrs. JOHNSON of Connecticut. I thank the chairman for yielding this time to me.

Mr. Chairman, repeal of section 1071 is not a retreat from our commitment to equal opportunity for minorities in America. In fact, the case for repeal is clear and convincing. No one can defend the deals that have been made under section 1071. Clarence McGee got a 29-percent stake in a station for the investment of $290 plus $106 million in borrowed money collateralized by the station's assets and cash flow.

Washington Redskins owner Jack Kent Cooke purportedly has received tens of millions of dollars of tax breaks from the FCC, using minority tax certificates four times in recent years.

In 1993, the Times Mirror sold four TV stations for $335 million to a ''minority partnership,'' in which the minority partner invested $153,000 in borrowed money.

The Times Mirror, on the other hand, reportedly received a tax break of somewhere between $35 million and $80 million in the transaction.

Now, remember, folks, we had testimony in hearings over and over again that these deals are done at the market rate. The tax benefit goes to the seller, to the Times Mirror. That is who got the tax break. It is not the disadvantaged poor, it is the affluent rich, no matter what color their skin, that are getting the tax breaks from these deals.

Mr. RANGEL. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON of Connecticut. I yield to the gentleman from New York briefly.

Mr. RANGEL. I thank the gentlewoman for yielding. I will be brief.

Let me make it abundantly clear that the only reason that the big, rich, white folks get the tax benefits is because the minorities are not a part of understanding when these benefits are there. This is given to them to search out for minorities so we can get our foot in the door.

Mrs. JOHNSON of Connecticut. Reclaiming my time, there are many examples of very rich, affluent minority members who are benefiting from this program and others who are being made rich because they have the inside track on how to be part of these big deals. It is not your ordinary folk out there who on the whole are benefiting from these deals.

Let me address the issue of restructure and reform.

If the program is benefiting the wrong people, why not restructure it in form? First of all, there is no evidence that this approach works.

Over the almost 20 years of this approach, minority ownership has gone from 0.5 percent to under 3 percent. Over about 20 years, that growth is far more rationally attributable to the growth in wealth in the minority community than to this program.

Second, because the substitute continues the practice of a Federal agency handing out tax breaks, it perpetuates a loophole that will continue to benefit primarily the affluent doing big deals in America.

We heard over and over again how this program functions. We heard over and over again that there is very little evidence of any of its benefits, in part because the Congress would not allow the oversight work to proceed because it seemed to be demonstrating that the program was ineffective.

Restructuring cannot help a program that in fact does not work.

Furthermore, restructuring a program that gives a Federal agency the right to, on its own hook, hand out millions of dollars of subsidies is bad in principle.

I for one do not believe the day has come when we can eliminate affirmative action policies. But I also agree with Justice Sandra Day O'Connor that, ''Because racial classifications themselves are inherently divisive, they must always be narrowly tailored to remedy the effects of past racial discrimination.'' As Johnathan Rauch, the author of an article on FCC programs, which recently appeared in the New Republic put it best:

> The policy, however admirable the intentions, makes a mockery of Justice Lewis Powell's pronouncement in Bakke: ''Preferring members of any one group for no reason other than race or ethnic origin is discrimination for its own sake. This the Constitution forbids.''

I urge a ''no'' vote on the amendment and a ''yes'' vote on the bill.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. STOKES].

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

Mr. STOKES. I thank the gentleman for yielding this time to me.

I rise in opposition to H.R. 831 and in support of the McDermott substitute.

Mr. MCDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BECERRA].

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

Mr. BECERRA. I thank the gentleman for yielding.

Mr. Chairman, let me thank the gentleman for yielding some time and acknowledge to the rest of the Members what I think we all know: Most of the people that have taken to this well to speak are here to support the health insurance tax deduction for self-employed, something we all believe should be extended.

But, unfortunately I do not believe a number of us could support H.R. 831 the way it is. That is why we wish to speak on behalf of the McDermott amendment.

When you take a look at what we are doing here. We are cutting out opportunity for some to provide it to others. That is not the way to do it, to rob from Peter to give to Pauline.

If you take a look at your radio stations and your television stations, if you turn on that radio and change that dial or change the channel on that TV, everywhere across the Nation you can count up every radio station and every TV station, and you can only count up 323 stations that are minority owned. You can virtually count 323 stations just on your radio dial in Los Angeles alone, but throughout the Nation we have 323 that are minority owned.

□ 2040

And that is because we have this tax certification program that has helped raise that level of ownership five times. And now we are here to eliminate it without even having held a public hearing to discuss the merits of the program. Well, there are some in this House who would support the media magnate by the name of Rupert Murdoch and give him tax breaks but are not unwilling to support people who have been closed out from media altogether for far too long.

I would say we take a look at what we are doing here, take a look at who we are trying to give opportunity to and say yes to the McDermott amendment and no to H.R. 831.

Mr. MCDERMOTT. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HINCHEY].

Mr. HINCHEY. Mr. Chairman, it is obviously a good idea to allow people who are self-employed to deduct the cost of their health insurance premiums. And for that measure, this is a good bill.

The problem is, it does not go nearly far enough. Why only 25 percent? Why are we not allowing people who are self-employed to deduct the full cost of their health insurance premiums? This bill ought to do that.

There is another deficiency as well. This bill does not relate to the insurance premiums of employees. The McDermott substitute would correct that deficiency. People who are out working, working every day, carrying lunch pails, standing in line, working in supermarkets and checkout counters and factory situations, many of them do not have health insurance. We ought to make it possible for them to get health insurance, too. They ought to be able to deduct the cost of their health insurance, a minimum of 25 percent. They ought to be able to deduct the full cost of that health insurance. We really have not done our job unless we do that.

The McDermott substitute would provide at least the beginnings of that kind of allowability for deduction of those health insurance premiums. I very strongly support the McDermott substitute, because it will allow employees also to deduct the cost of their health insurance premiums.

Yes, let us do it for people who are self-employed. Let us not stop at 25 percent. Let us go to the full cost of that health insurance. But let us take the first step here tonight by passing the McDermott substitute and providing that people who are employees will also have the opportunity to get health insurance by deducting the cost of those health insurance premiums.

Let us pass the McDermott substitute.

Mr. MCDERMOTT. Mr. Chairman, do I have the right to close?

The CHAIRMAN. The right to close rests with the gentleman from Texas [Mr. ARCHER].

Mr. MCDERMOTT. Mr. Chairman, I reserve the balance of my time.

Mr. ARCHER. Mr. Chairman, as the Chair actually stated, we have the right to close, and I reserve the balance of my time.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. SCOTT].

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

Mr. SCOTT. Mr. Chairman, I rise in support of the McDermott-Gibbons amendment.

Mr. Chairman, I rise in support of the Gibbons-McDermott substitute for H.R. 831. Not only does the substitute provide for equitable tax treatment for the people most adversely affected by the absence of health care insurance, it also addresses, at least partially, a problem that Congress has failed to adequately address—the absence of health care insurance for hard-working Americans.

Why we continue to ''stick our heads in the sand'' and pretend we don't see or feel the cost of health care to people without insurance is beyond me. After we allow them to fall into financial ruin and poorer health due to exhorbitant health care costs, we then pay a lot more through government health care provisions and higher health insurance and service costs to those who still can pay for it. We will pay much more through these methods than we will for a 25-percent deduction for uninsured or underinsured individuals.

Employees in small businesses who are paying for health insurance are generally paying a lot more than employees in large group plans. The substitute will ensure that they can acquire more insurance or at least continue the limited coverage they already have.

I also believe that the modifications of the nonrecognition of gain for involuntary conversions under the FCC Tax Certificate Program in the Gibbons-McDermott substitute are also reasonable ways to address any perceived short-comings in a program that has proved highly successful in bringing minorities clearly into the mainstream.

Mr. Chairman, it is time that we face up to the cost of health care we are already paying

indirectly. We should adopt the Gibbons-McDermott substitute as a part of directly recognizing and partially addressing a serious and ever-growing crisis for American families.

Mr. MCDERMOTT. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Hawaii [Mrs. MINK].

(Mrs. MINK of Hawaii asked and was given permission to revise and extend her remarks.)

Mrs. MINK of Hawaii. Mr. Chairman, I rise in support of the Gibbons-McDermott substitute.

Mr. Chairman, I rise in strong support of the Gibbons-McDermott substitute to H.R. 831.

Throughout the past Congress it was made unmistakably clear that our health care system and the way in which it is financed must be significantly reformed. Health care costs are escalating, placing a considerable burden upon the Federal and state governments, as well as the private sector. Additionally, the number of working Americans who lack any form of health insurance continues to increase. At last count, there were 37 million working Americans without health insurance—surely there are many more now. People without insurance do not cease to get sick, however, and someone—usually the doctor or hospital—must pay the bills. This causes prices to go up for all of us, making health insurance even less affordable than it is now. The Gibbons-McDermott substitute, however, takes steps to remedy this problem.

The Gibbons-McDermott substitute would expand the number of insured Americans in two ways. First, like H.R. 831, it would restore and extend the 25-percent deduction for self-employed individuals, which expired in 1993. Secondly, and most importantly, it would allow a 25-percent deduction for health insurance purchased by individuals whose employers do not provide health insurance. In this way, many of the more than 37 million uninsured Americans would have a new incentive to purchase health insurance. Again, only by increasing the number of insured people, can health care costs be reduced and health insurance be made affordable to all.

H.R. 831, however, unlike the Gibbons-McDermott substitute, would not add any additional incentives which were not already in place in 1993. H.R. 831 only reinstates and extends the then existing 25-percent deduction for health care insurance purchased by a self-employed individual. H.R. 831 does nothing to expand the number of individuals who have health insurance. The Gibbons-McDermott substitute, on the other hand, addresses the root cause of our health care crises—the fact that many working Americans cannot afford health insurance. By allowing those whose employer do not provide health insurance to receive the same deduction as the self-employed, all workers are put on a level playing field and have an equal incentive to purchase health insurance.

In addition to taking real steps to solve our health care crisis, the Gibbons-McDermott substitute significantly reforms, but does not eliminate the tax preferences which have been used to encourage increased minority ownership of broadcasting companies.

The Gibbons-McDermott bill would place stringent limits upon individuals who seek to benefit from tax laws encouraging the sale of broadcasting companies to minority-owned firms. The Gibbons-McDermott bill would: limit the seller's deferrable gain on sale to $50 million; require minority purchasers to prove equity ownership; require minority purchasers to show voting control and management control; demand that minority purchasers hold their property for three years following its sale; and, prohibit ineligible parties from having the right to buy out minority investors. These provisions will not only allow minorities to participate in the largely white-controlled communications industry, but they will also provide safeguards against fraud and abuse by both the seller and the minority buyer.

H.R. 831, however, would completely gut this program. Its proponents argue that this program is costly and widely abused. The Gibbons-McDermott substitute, however, solves these problems. It limits costs by reducing the allowed deferrable gain to $50 million, and it adds significant protections against fraud by purchasers and sellers.

Most importantly, now is not the time to eliminate laws which encourage minority ownership of broadcasting companies. Because of this law, minority ownership has risen since 1978 from 0.5 percent to 2.7 percent of all broadcast stations. This more than 500 percent increase represents success by small, minority-owned businesses, which provide economic opportunities in their communities, add greater diversity in local broadcasting. Removing this protection would destroy all of the progress which has been achieved thus far, and would make it virtually impossible to achieve the goal of fairly integrating the ownership and operation of the broadcast media.

For the above stated reasons, I strongly urge that we vote to pass the Gibbons-McDermott substitute.

Mr. MCDERMOTT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we are here today on a fundamental decision that nobody disagrees with. Everybody here believes that we ought to extend the 25-percent deduction for self-employed people for buying health insurance. But that is not the issue. The real issue here is how are we going to pay for it.

And when we brought this bill to committee, I offered a whole series of tax exemptions that we could have used to pay for it, but we chose the one that we are here dealing with today, which is section 1071 of the Tax Code.

Members may ask why we chose that one, and I will quote here from a memo from the Project for a Republican Future to the Republican leaders by William Kristol, dated February 21, in which he says, ''the bill's true subject is affirmative action.''

Now, this is like that story about the small boy standing next to the road when the King went by who said, the Emperor has no clothes. Mr. Kristol took the clothes off because he says:

> It represents a strategic, intelligent first step in what should be a major element of the Republican party's larger post-contract agenda, a roll back of the massive system of racial prejudices and set-asides that have come to infect federal law and American life over the last 25 years.

That is what this issue is about. That is why this was chosen as the way to fund this. There is no question. The consultants told them to do it, and that is what they did.

Now, I wish more than anything standing here, I wish this was a color-blind society. I wish that the gentleman from Texas [Mr. ARCHER] was absolutely correct. I wish we were not having this debate. But we all know this is not a color-blind society. The reason why we have these preferential tax credits and why they are there, everybody figured out, well, if we want minorities to know when a radio station or television station is up for sale, we got to have somebody who owns one go looking for them. Otherwise the decisions will all be made in the board rooms or at the local club or the golf course. And they will never ever know it was for sale in the first place. So when we put in this tax deduction, it is true, the minorities do not get it. They do not get it at all. But it gives them access, like we wanted to give last year, access in health care.

I accept a certain amount of, well, I do not know what, from Members about this being a rather modest health care reform proposal. I could make a much larger one here tonight. I would be glad to put it out here. But the fact is this is a modest proposal to give people access to buy radio, television, cable networks, personal communication. And the reason why this program is here is because of some words that Justice Blackmun said in a dissenting opinion. He said that ''arrangements of successful affirmative action programs by race-neutral means is impossible.'' This means you cannot have a successful effort to bring women and minorities into the telecommunications industry without taking into consideration race and gender.

Now, nobody says this has been a roaring success. But it is a way that has worked. In my city there are two black-owned radio stations. There is one native American-owned radio station. And they came through this program. And there are 300 of them across the country that would not have been there had it not been for this program.

I am saying that I gave people a choice. Do we want to destroy this program, or would we like to tighten it up? All of us agree on this side that that was an egregious deal. Nobody is standing up here defending the Viacom deal, get that straight. But we do think that there is room for this program. It has a purpose and a place in our trying to deal in this society with the problems that we have had in the past.

For that reason, I urge the adoption of this substitute amendment.

Mr. ARCHER. Mr. Chairman, I yield the balance of our time to the gentleman from Texas [Mr. ARMEY], the respected majority leader of the House.

Mr. ARMEY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, let me just reiterate several points that the gentleman from Texas [Mr. ARCHER] has made earlier in this debate, because I think they are

very important to our decision on the McDermott substitute.

First, the legislative history of section 1071 clearly shows that Congress originally intended the statute to apply only to involuntary sales of radio stations. The FCC itself has admitted that this rationale no longer applies.

Second, there is no requirement that one must be actually disadvantaged to qualify for the FCC minority tax certificate. Scarce Federal resources should be used to help those who are truly in need, not multibillion dollar telecommunications companies.

Third, there is no substance to the FCC's policy rationale of promoting programming diversity.

□ 2050

Our Nation's air waves carry abundant programming, directed at people of different races and ethnic backgrounds. In addition, public access channels have been set aside on the cable systems of every community to ensure that everyone in America has access to the Nation's air waves.

More important, studies show that minority broadcasters are driven by the same motives as any other broadcasters, to make money by maximizing ratings. Under our free market system, broadcasters have two basic choices. They can either design programming that will appeal to their audiences, or they can go out of business.

Mr. Chairman, the fact is that the diversity of programming premise is a red herring. The FCC uses tax certificates in its Personal Communications Services licensing program, and this has nothing to do with the originating or programming for the air waves.

Mr. Chairman, after we strip off all the veneer, what we are left with is this: the FCC is using the tax code to promote racial and ethnic diversity in the ownership of broadcast facilities, period. Although the FCC has not yet fixed a number on what it believes to be the ideal racial and ethnic mix, its policies come dangerously close to sounding like a quota system for minority ownership of communications companies.

Mr. Chairman, what is truly amazing is that in the mid eighties the FCC itself tried to examine whether its programs were constitutionally permissible. However, in 1987, the Democrat-controlled Congress stepped in and actually prohibited the agency from conducting such an examination, or addressing even the abuse in the tax certification program.

Section 1071 has already cost the Nation's taxpayers a bundle, and will cost them another $1.4 billion over the next 5 years.

Mr. Chairman, if someone came before the Congress today to propose giving a Federal agency the power to hand out tax breaks to carry out whatever policies that agency decided to adopt, they would be laughed out of the building. Imagine the uproar that would be heard across this land if the Pentagon asked for such authority.

Moving the authority to issue the tax certificate to the Internal Revenue Service does not cover up that basic flaw. All that the substitute will do is eliminate the type of abusive transactions which prior congresses essentially forced the FCC to approve. It still keeps the FCC's basic policy in place, and that policy is offensive to the principle that our tax code should be color blind.

The time has come to repeal section 1071. I urge my colleagues to defeat the McDermott substitute, pass the committee bill, and demonstrate that the time has come in America where we dare to respect the best dreams of the true civil rights leaders in this Nation's history.

Ms. PELOSI. Mr. Chairman, I rise today to support the Gibbons/McDermott substitute to H.R. 831.

Mr. Chairman, this substitute would establish a 25-percent deduction for health insurance costs to employees not eligible to participate in an employer-sponsored health plan. For those employees whose health insurance is not employer-sponsored, this 25-percent deduction is an issue of fundamental fairness which deserves our support.

Denying employees who must buy their own health insurance the same deduction we give their employers ignores real need.

Had the Republicans on the Rules Committee allowed the rule for H.R. 831 to be open, rather than completely closed, we could be considering other meritorious amendments to this legislation, such as the proposal to extend the current deduction to 80 percent. Unfortunately this rule, like so many others we have seen was closed.

In addition, Mr. Chairman, the McDermott substitute would narrow the tax preference for sales of radio, T.V. and cable companies to minority-owned firms, rather than repealing it as under the bill.

Before section 1071 was enacted minorities owned virtually to TV or radio stations in this country. Thanks to this provision of the Internal Revenue Code, the numbers of minority owned media properties, while still very small, are growing.

Repeal of this section will completely undo the progress this Nation has made to provide opportunities for African-Americans, Asian-Americans, Hispanic-Americans, and others to fully participate in the economic and social fabric of our Nation.

I urge my colleagues to vote for the Gibbons/McDermott substitute.

Mr. BISHOP. Mr. Chairman, I rise in support of the Gibbons-McDermott substitute for H.R. 831. Unlike the committee bill, the substitute provides for both a permanent 25-percent health insurance deduction for the self-employed and a tax preference for persons who sell broadcast facilities to minorities.

Congress has provided for a health insurance tax deduction for the self-employed since 1986. As a freshman Member in 1993, I supported this deduction because it is good for business. It is good for farmers and for all who are self-employed. A self-employed individual should be permitted the same health insurance deduction that is provided to the Fortune 500 businesses. But at the least 25 percent.

Mr. Chairman, I feel strongly, however, that a vote in support of the health insurance deduction should not mean a vote against the tax preference for sales of broadcast companies to minority-owned firms. These two worthwhile policies should not be mutually exclusive. In 1978, Congress recognized the need for a tax preference for persons who sold broadcast facilities to minorities. The tax preference was developed in order to increase minority ownership of radio and television stations. Since that time, Congress has repeatedly reaffirmed this policy through annual appropriations legislation and the Reagan administration extended the policy to cable systems.

Today, nearly 20 years later, the need for incentives to increase broadcast diversity is even greater. Opponents of the tax preference program point to one apparently legal transaction and allege the absence of real minority ownership in that transaction. If the program is subject to this type of abuse, then let us engage in corrective measures rather than act as extremists and repeal the entire program. Don't throw out the baby with the bathwater. The Gibbons-McDermott substitute provides for such corrective measures. In addition to requiring that minorities demonstrate real equity ownership, it also requires minorities to prove voting and management control.

Mr. Chairman, I urge my colleagues to support the substitute bill which allows two beneficial policies to coexist.

Mr. BENTSEN. Mr. Chairman, I rise in support of the McDermott substitute to the bill. This amendment will restore and make permanent the 25 percent health insurance tax deduction for the self-employed and extend it to hardworking employees. This benefit will help small business owners, farmers and other self-employed individuals contend with rising health care costs. It will also help those working individuals who do not have health benefits without burdening businesses.

We must act now to help small business owners and employees who face real hardship when it comes to health insurance costs. As a member of the small business committee, I have seen and heard firsthand how much this deduction means to people who have to make ends meet solely for themselves.

Under the McDermott substitute, we have an opportunity to extend this deduction to individuals whose employers do not subsidize their health insurance. While I have publicly stated that we should treat the small business as we treat large corporations, the same should be true for employees who do not currently receive health insurance through their workplace.

We must ease the financial burden of employees without asking employers to pay. The McDermott substitute does that. This deduction, if enacted before the April 15 deadline, will provide substantial relief to over 9 million self-employed business owners, many millions more of employees, and hundreds of thousands of Texans who face their 1994 tax returns with real concern.

Ms. VELÁZQUEZ. Mr. Chairman, I rise in strong support of the Gibbons-McDermott substitute to H.R. 831. Not only does the substitute amendment restore the 25 percent health insurance tax deduction, but it also expands the benefit to employees who are currently ineligible to participate in employer-sponsored health plans.

Just as importantly, this substitute would expand the health insurance deduction without sacrificing the FCC's section 1071 program. In an increasingly diverse society, it is alarming that women and persons of color play such a small role in the broadcasting industry. We can never be guided by the truth if we turn a deaf ear to this Nation's many voices.

The section 1071 program's tax provisions have proven effective for enhancing the voices of women and minority individuals. Women and minorities held less than 1 percent of the total broadcasting licenses 16 years ago, before section 1071 was enacted. Although women and minority broadcasters still struggle, they now control 3 percent of all broadcast licenses.

Like any other program, section 1071 is subject to abuse. The Gibbons-McDermott substitute deals with these concerns as well. It would minimize minority ownership scams by requiring women and minority owners to both demonstrate equity ownership and substantiate voting and management control over their broadcast company. The substitute would also require minority owners to retain their FCC license for a minimum of 3 years.

Mr. Chairman, only the Gibbons-McDermott substitute offers both health and fairness. It will expand health insurance coverage, without sacrificing diversity on the airwaves. I urge support for the Gibbons-McDermott substitute.

Ms. BROWN of Florida. Mr. Chairman, I rise in strong support of the Gibbons-McDermott substitute to H.R. 831, the Health Premium Deduction for the Self-Employed. We all agree with the purpose of this bill which is to permanently extend the tax deduction for 25 percent of health insurance costs of self-employed individuals. This is an issue that was supposed to be addressed in comprehensive health care legislation in the last Congress. So while I support this tax deduction, I would ask that we not forget about the need in this country for health care reform.

This is a bill that should not have been controversial. I believe that it would have been passed without any opposition. Unfortunately, Members of the majority are using this bill to begin their assault on affirmative action programs. This is clearly just the beginning of a larger effort to dismantle efforts to assure that minorities can truly have an equal opportunity in the American society.

I stand before you tonight outraged and offended by the Republicans' decision to pay for this program by repealing the FCC's minority preference program. We all know that the tax code is filled with tax breaks for wealthy white men, and yet the Republicans have picked the only tax provision affecting minorities to repeal.

Nearly 20 years ago, the FCC established a policy of providing tax preferences for sales of radio, television, and cable companies to minority-owned firms. This policy has been supported by the past four administrations, both Democrat and Republican. The aim of the program is to increase minority ownership of radio and television stations and thus promote the diversity of broadcast views.

Since this program went into effect, there have been over 300 sales to minority-owned firms, and minority ownership has increased from 0.5 percent to 2.9 percent. However, it is clear that more must be done. Minorities are still vastly underrepresented in the broadcast business with more than 97 percent of all broadcast licenses being held by white men. Without this program, the number of licenses issued to minority-controlled businesses would be far less as would the diversity of broadcast views.

That's why I would urge my colleagues to carefully consider the Gibbons-McDermott substitute. It's a good bill. The substitute finances the health care tax deduction by levying a punitive tax on wealthy people who give up their U.S. citizenship in an effort to avoid taxes and revises the rules governing foreign trusts. In addition, the substitute addresses legitimate concerns about the FCC's minority preference program. It requires minorities to demonstrate real equity ownership in the company; to prove voting control and management control of the purchasing company; and to hold the property for 3 years after the sale.

My colleagues, I look forward to the day when we don't have to have these laws, but it is clear and evident from the data and statistics that affirmative action is still needed to reverse past racial and sex-based discrimination.

I urge you to support the Gibbons-McDermott substitute.

The CHAIRMAN. All time for debate has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Washington [Mr. MCDERMOTT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GIBBONS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 191, noes 234, not voting 10, as follows:

[Roll No. 148]

AYES—191

Abercrombie	Diaz-Balart	Johnson (SD)
Ackerman	Dicks	Johnson, E. B.
Andrews	Dingell	Johnston
Baesler	Dixon	Kanjorski
Baldacci	Doggett	Kaptur
Barcia	Dooley	Kennedy (MA)
Barrett (WI)	Doyle	Kennedy (RI)
Becerra	Durbin	Kennelly
Beilenson	Edwards	Kildee
Bentsen	Engel	Kleczka
Berman	Eshoo	Klink
Bevill	Evans	LaFalce
Bishop	Farr	Lantos
Bonior	Fattah	Laughlin
Brewster	Fazio	Levin
Browder	Fields (LA)	Lincoln
Brown (CA)	Filner	Lipinski
Brown (FL)	Flake	Lofgren
Brown (OH)	Foglietta	Lowey
Bryant (TX)	Ford	Luther
Cardin	Frank (MA)	Maloney
Chapman	Frost	Manton
Clay	Furse	Markey
Clayton	Gejdenson	Martinez
Clement	Gephardt	Mascara
Clyburn	Gibbons	Matsui
Coleman	Gordon	McCarthy
Collins (IL)	Green	McDermott
Collins (MI)	Gutierrez	McHale
Condit	Hall (OH)	McKinney
Conyers	Hamilton	McNulty
Costello	Hastings (FL)	Meehan
Coyne	Hefner	Menendez
Cramer	Hilliard	Mfume
Danner	Hinchey	Miller (CA)
Deal	Holden	Mineta
DeFazio	Hoyer	Minge
DeLauro	Jackson-Lee	Mink
Dellums	Jacobs	Moakley
Deutsch	Jefferson	Mollohan
Montgomery	Rivers	Thompson
Moran	Ros-Lehtinen	Thornton
Murtha	Rose	Thurman
Nadler	Roybal-Allard	Torres
Neal	Sabo	Torricelli
Oberstar	Sanders	Towns
Obey	Sawyer	Traficant
Olver	Schroeder	Tucker
Ortiz	Schumer	Velazquez
Orton	Scott	Vento
Owens	Serrano	Visclosky
Pallone	Sisisky	Volkmer
Pastor	Skaggs	Ward
Payne (NJ)	Skelton	Waters
Payne (VA)	Slaughter	Watt (NC)
Pelosi	Spratt	Waxman
Peterson (FL)	Stark	Williams
Pickett	Stenholm	Wilson
Pomeroy	Stokes	Wise
Poshard	Studds	Woolsey
Rahall	Stupak	Wyden
Reed	Tanner	Wynn
Reynolds	Taylor (MS)	Yates
Richardson	Tejeda	

NOES—234

Allard	Franks (NJ)	McIntosh
Archer	Frelinghuysen	McKeon
Armey	Frisa	Meyers
Bachus	Funderburk	Mica
Baker (CA)	Ganske	Miller (FL)
Baker (LA)	Gekas	Molinari
Ballenger	Geren	Moorhead
Barr	Gilchrest	Morella
Barrett (NE)	Gillmor	Myers
Bartlett	Gilman	Myrick
Barton	Gingrich	Nethercutt
Bass	Goodlatte	Neumann
Bateman	Goodling	Ney
Bereuter	Goss	Norwood
Bilbray	Graham	Nussle
Bilirakis	Greenwood	Oxley
Bliley	Gunderson	Packard
Blute	Gutknecht	Parker
Boehlert	Hall (TX)	Paxon
Boehner	Hancock	Peterson (MN)
Bonilla	Hansen	Petri
Bono	Harman	Pombo
Boucher	Hastert	Porter
Brownback	Hastings (WA)	Portman
Bryant (TN)	Hayes	Pryce
Bunn	Hayworth	Quillen
Bunning	Hefley	Quinn
Burr	Heineman	Radanovich
Burton	Herger	Ramstad
Buyer	Hilleary	Rangel
Callahan	Hobson	Regula
Calvert	Hoekstra	Riggs
Camp	Hoke	Roberts
Canady	Horn	Roemer
Castle	Hostettler	Rogers
Chabot	Houghton	Rohrabacher
Chambliss	Hunter	Roth
Chenoweth	Hutchinson	Roukema
Christensen	Hyde	Royce
Chrysler	Inglis	Salmon
Clinger	Istook	Sanford
Coble	Johnson (CT)	Saxton
Coburn	Johnson, Sam	Scarborough
Collins (GA)	Jones	Schaefer
Combest	Kasich	Schiff
Cooley	Kelly	Seastrand
Cox	Kim	Sensenbrenner
Crane	King	Shadegg
Cremeans	Kingston	Shaw
Cubin	Klug	Shays
Cunningham	Knollenberg	Shuster
Davis	Kolbe	Skeen
DeLay	LaHood	Smith (MI)
Dickey	Largent	Smith (NJ)
Doolittle	Latham	Smith (TX)
Dornan	LaTourette	Smith (WA)
Dreier	Lazio	Solomon
Duncan	Leach	Souder
Dunn	Lewis (CA)	Spence
Ehrlich	Lewis (KY)	Stearns
Emerson	Lightfoot	Stockman
English	Linder	Stump
Ensign	Livingston	Talent
Everett	LoBiondo	Tate
Ewing	Longley	Tauzin
Fawell	Lucas	Taylor (NC)
Fields (TX)	Manzullo	Thomas
Flanagan	Martini	Thornberry
Foley	McCollum	Tiahrt
Forbes	McCrery	Torkildsen
Fowler	McDade	Upton
Fox	McHugh	Vucanovich
Franks (CT)	McInnis	Waldholtz

Walker	Weldon (PA)	Wolf
Walsh	Weller	Young (AK)
Wamp	White	Young (FL)
Watts (OK)	Whitfield	Zeliff
Weldon (FL)	Wicker	Zimmer

NOT VOTING—10

Borski	Gallegly	Metcalf
Crapo	Gonzalez	Rush
de la Garza	Lewis (GA)	
Ehlers	Meek	

□ 2111

Mrs. MORELLA changed her vote from ''aye'' to ''no.''

Mr. TAYLOR of Mississippi changed his vote from ''no'' to ''aye.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 2113

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose, and the Speaker pro tempore [Mr. WALKER] having assumed the chair, Mr. MCINNIS, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee, having had under consideration the bill (H.R. 831) to amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes, pursuant to House Resolution 88, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered and the amendment is adopted.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. STARK

Mr. STARK. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. STARK. I am opposed to the bill in its present form, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. STARK moves to recommit the bill H.R. 831 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

At the end of the bill insert the following:

SEC. 5. REPEAL OF MAXIMUM PERIOD OF MANDATORY CONTINUATION COVERAGE UNDER GROUP HEALTH PLANS.

(a) IN GENERAL.—Section 162 of the Internal Revenue Code of 1986 is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

''(o) GROUP HEALTH PLANS NOT PROVIDING EXTENDED CONTINUATION HEALTH COVERAGE.—

''(1) IN GENERAL.—No deduction shall be allowed under this chapter for any amount paid or incurred by an employer for any group health plan to which section 4980B applies if such plan fails to provide extended continuation coverage with respect to any qualified beneficiary (as defined in section 4980B(g)).

''(2) EXTENDED CONTINUATION COVERAGE.—For purposes of paragraph (1), the term 'extended continuation coverage' means coverage which would be required to be provided under section 4980B but for subsection (f)(2)(B)(i) thereof.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to qualifying events (as defined in section 4980B of the Internal Revenue Code of 1986) occurring before, on, or after the date of the enactment of this Act, but shall not apply if the period of continuation coverage required under section 4980B of the Internal Revenue Code of 1986 with respect to the qualifying event has expired before such date.

Mr. STARK (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

There was no objection.

Mr. STARK. Mr. Speaker, as I indicated, I am opposed to H.R. 831 in its present form. We can do better and we can go home tonight, and without any cost to the Federal Government and without any cost to American employers we can lift the fear from 3½ or 4 million American families, the fear that they may lose their extended coverage which they received under a bill that we passed unanimously.

This is a bill we passed unanimously in the Ways and Means Committee in 1985, under which over 36 million Americans have had continuation of group health insurance after they lost their employer- or would have lost their employer-based health insurance because of a change in family status, because of disability, because of a transfer, because a branch factory or factory closed.

This is a bipartisan amendment which adds to every word in the Republican bill. And all it does is extend permanently these extensions that are known as COBRA to nearly 4 million Americans so that the time clock will stop ticking and they will stop worrying about losing this protection.

Let me quickly address two concerns and they have only been raised modestly. One concern is it will take a little extra time. It will take 5 minutes of your time tonight, ladies and gentlemen, for a quick vote to add this amendment and to bring to thousands of people in your districts the peace of mind that their insurance will not end if they are currently under a group insurance plan with extended coverages.

Second, it has been claimed that employers might be saddled with additional costs under a complicated thing known as adverse selection. That is not true. The reverse is true.

Four million people becoming uninsured will add more costs through cost shifting to the total cost of all of our paying for health care coverage than a few people who might try and game the system. There will be no change in rate to employers. They will continue their same payment. The employee will pay 102 percent of the coverage instead of perhaps the 20 or 30 percent that he or she is paying now. It is as if I am paying $101 a month for Blue Cross under my Federal plan, just like many of you. If I were disabled and had to leave and did not have the generous continuation, I would then have to pay 400-some dollars plus $8 a month to the Clerk to bill me and I could continue my Blue Cross low option.

I want to extend that peace of mind to every American. And as I say, this does not have a partisan difference in it.

I ask Members' support for this so we can walk out of here tonight. This is a bipartisan bill. I subject this is a bipartisan motion to recommit, and I would ask Members to think about the people that will receive the good news that they will have a small tax deduction, those who are self-employed. Let us expand that. Both sides of the aisle have talked about the desirability of portability. This is not quite portability, but it is a step, it is a modest step toward getting the kind of health reform that we agreed last year was needed.

This is a modest proposal that was agreed to in some of the bills last year on both sides of the aisle.

□ 2120

So for a few minutes of inconvenience tonight, for one extra vote tonight, you can go home and say this, that for the 3,600,000 to 4 million people in America who sometime in the next 18 to 20 months will lose their health insurance—they are paying for it out of their own pockets, at no cost to the Federal budget, at no cost to their employer—we can extend that privilege.

If there ever was a time for us to come together to help those people, it is tonight.

Ladies and gentlemen, I implore you, we have our own Members who have children who are not covered because they are over 22 and they have to go off health insurance, buy COBRA insurance.

We have many cases throughout the land where this insurance will help families. I urge you to think tonight that we have no partisan difference, we have no cost to the budget, we can only help a few Americans who will be desperate to find health insurance if we do not.

Mr. Speaker, as stated, I am opposed to H.R. 831 in its present form.

We can do better. We can do better for American workers—without cost to the Federal Government, without cost to employers, and without delay.

Both the reason for moving this motion, and the remedy it contains, are very simple.

The purpose of this motion is simply to help Americans keep the health insurance coverage they have when they lose their job or

have a change in their family status—in insurance lingo this is referred to as ''portability.''

This motion would improve health insurance portability through a very simple means—by eliminating the time restrictions contained in the current Federal health insurance continuation protections. These protections are often referred to as ''COBRA'' protections after the 1985 authorizing legislation.

Today, nearly 4 million Americans have coverage because of these Federal protections. But under current law, the protections are limited, to a maximum of 18 to 36 months depending upon the qualifying event. For these Americans, the clock is ticking. Their protections may soon lapse. Supporting this motion would stop the clock, and lock these protections in place.

Let me quickly address two concerns I have heard regarding this motion. Neither hold merit, and neither should delay us in protecting American workers and their families.

First, supporting the motion to recommit would in no way delay or jeopardize the underlying bill. If my motion is agreed to, it will require one vote on the motion and one vote on final passage. But if we exclude these protections, there will still be one vote on my motion and one on final passage. The assistance to be provided the self-employed will not be delayed one minute by the inclusion of these protections for workers.

It makes no sense to leave behind one group of Americans—America's workers—when we have a chance to simply and quickly pass legislation to give them all greater peace of mind.

Second, some claim that employers will be saddled with additional costs if this amendment passes. Just the opposite will actually result. This motion will reduce the cost-shift from uninsured Americans on to employers.

The individual or family member that chooses to continue coverage would pay 100 percent of the premium—150 percent in the case of disabled persons—plus a 2 percent administrative fee. The key for the former employee or their family member is having continued access to health insurance coverage at group rates. If this protection is allowed to lapse, these individuals and families are forced into the individual insurance market where rates easily become unaffordable as they can jump by 100 to 500 percent.

We can all agree that the cost of health care for those without health insurance often ends-up in the premiums of employers and other who purchase health insurance. My motion would reverse this cost-shift trend. Rather than become a drain on business or on government insurance programs, those allowed to continue purchasing health insurance at the more affordable group rate will continue to pay for their coverage. By keeping more Americans under the umbrella of health insurance, businesses would see a drop, not an increase, in the burden of uncompensated care.

We have been told of the need to take immediate action on H.R. 831 because the Federal income tax filing deadline is approaching. For the nearly 4 million Americans that have insurance as a result of the current time-limited insurance continuation protections, their deadlines are passing every day, and they are losing coverage. We need to act quickly on both of these measures.

I ask your support for this motion. A vote in favor of this motion is a vote to strengthen the health insurance protections of all Americans, not just the self-employed. For literally millions of Americans, time is running out.

The SPEAKER pro tempore (Mr. WALKER). The gentleman from Texas [Mr. ARCHER] is recognized for 5 minutes in opposition to the motion to recommit.

Mr. ARCHER. Mr. Speaker, I rise to oppose Mr. STARK's motion to recommit H.R. 831. His proposal was fully debated in the Ways and Means Committee markup on this bill and was defeated on a vote of 22 to 13.

Mr. STARK's proposal may appear to be a minor expansion of current law. However, the Stark instructions ignore the purpose of COBRA continuity coverage, place an unfair burden on business, and will almost certainly result in higher insurance premiums for both employers and their employees.

The intent of the COBRA continuity provisions in the Tax Code is to offer a transitional benefit for employees and their dependents when they lose health coverage as a result of a qualifying event. This transitional coverage is intended to extend only for a reasonable period of time, with the expectation that individuals would shortly become eligible for coverage under another health plan. Under current law, this coverage can extend for up to 18 months for former employees and 36 months for their families. Removing the limitation on an employers obligation is essentially a mandate to provide coverage forever. So, plain and simple, the Stark proposal is nothing more than a back door employer mandate.

This mandate on employers to cover people who are no longer connected to that employer in any way, for an unlimited period of time, is unreasonable and unfair. Furthermore, Mr. STARK's unlimited mandate would even require employers to permanently track individuals, who have never had a direct relationship with the employer.

It is also the case, that COBRA continuity coverage is generally used by people who expect to have major medical expenses.

Studies have shown that these former employees and dependents do not pay the true costs of their coverage. Instead, employers subsidize the cost of health care for former employees and dependents. This increases health insurance costs for employers as well as those employees who are contributing to their own premiums.

Extending COBRA continuity beyond its intended purpose would not only increase health care costs for employers and employees, but may even make coverage unaffordable for some employers now offering coverage.

That is why the NFIB and other small business groups so strongly oppose the Stark motion to recommit.

Mr. Speaker, there has been sufficient time for debate on this bill. The House Ways and Means Committee and the full House have expressed their will. We need to complete our work now to provide for those self-employed Americans who expect, and deserve to take this health deduction in April and not have to file amended returns.

Mr. Stark wants to reignite the debate over health reform at this most untimely point, and raise the issue of employer mandates. We will turn to health care reform as the schedule permits, but at this moment we should move with dispatch to reinstate the expired tax provisions.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. STARK. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 180, noes 245, not voting 9, as follows:

[Roll No. 149]

AYES—180

Abercrombie	Gephardt	Neal
Ackerman	Gibbons	Oberstar
Bachus	Gordon	Obey
Baldacci	Green	Olver
Barcia	Gutierrez	Ortiz
Barrett (WI)	Hall (OH)	Owens
Becerra	Hall (TX)	Pallone
Beilenson	Hamilton	Pastor
Bentsen	Hastings (FL)	Payne (NJ)
Berman	Hayes	Pelosi
Bevill	Hefner	Peterson (FL)
Bishop	Hilliard	Rahall
Bonior	Hinchey	Rangel
Boucher	Holden	Reed
Browder	Hoyer	Reynolds
Brown (CA)	Jackson-Lee	Richardson
Brown (FL)	Jacobs	Rivers
Brown (OH)	Jefferson	Ros-Lehtinen
Bryant (TX)	Johnson (SD)	Rose
Cardin	Johnson, E. B.	Roybal-Allard
Chapman	Johnston	Sabo
Clay	Kanjorski	Sanders
Clayton	Kaptur	Sawyer
Clement	Kennedy (MA)	Schroeder
Clyburn	Kennedy (RI)	Schumer
Coleman	Kennelly	Scott
Collins (IL)	Kildee	Serrano
Collins (MI)	Kleczka	Skaggs
Conyers	Klink	Slaughter
Costello	Lantos	Spratt
Coyne	Levin	Stark
Cramer	Lincoln	Stenholm
Danner	Lipinski	Stokes
DeFazio	Lofgren	Studds
DeLauro	Lowey	Stupak
Dellums	Luther	Tanner
Deutsch	Maloney	Tauzin
Diaz-Balart	Manton	Taylor (MS)
Dicks	Markey	Tejeda
Dingell	Martinez	Thompson
Dixon	Mascara	Thornton
Doggett	Matsui	Thurman
Doyle	McCarthy	Torres
Durbin	McDermott	Torricelli
Engel	McHale	Towns
Eshoo	McKinney	Traficant
Evans	McNulty	Tucker
Farr	Meehan	Velazquez
Fattah	Menendez	Vento
Fazio	Mfume	Volkmer
Fields (LA)	Miller (CA)	Ward
Filner	Mineta	Waters
Flake	Minge	Watt (NC)
Foglietta	Mink	Waxman
Forbes	Moakley	Williams
Ford	Mollohan	Wise
Frank (MA)	Montgomery	Woolsey
Frost	Moran	Wyden
Furse	Murtha	Wynn
Gejdenson	Nadler	Yates

NOES—245

Allard	Gekas	Nussle
Andrews	Geren	Orton
Archer	Gilchrest	Oxley
Armey	Gillmor	Packard
Baesler	Gilman	Parker
Baker (CA)	Goodlatte	Paxon
Baker (LA)	Goodling	Payne (VA)
Ballenger	Goss	Peterson (MN)
Barr	Graham	Petri
Barrett (NE)	Greenwood	Pickett
Bartlett	Gunderson	Pombo
Barton	Gutknecht	Pomeroy
Bass	Hancock	Porter
Bateman	Hansen	Portman
Bereuter	Harman	Poshard
Bilbray	Hastert	Pryce
Bilirakis	Hastings (WA)	Quillen
Bliley	Hayworth	Quinn
Blute	Hefley	Radanovich
Boehlert	Heineman	Ramstad
Boehner	Herger	Regula
Bonilla	Hilleary	Riggs
Bono	Hobson	Roberts
Brewster	Hoekstra	Roemer
Brownback	Hoke	Rogers
Bryant (TN)	Horn	Rohrabacher
Bunn	Hostettler	Roth
Bunning	Houghton	Roukema
Burr	Hunter	Royce
Burton	Hutchinson	Salmon
Buyer	Hyde	Sanford
Callahan	Inglis	Saxton
Calvert	Istook	Scarborough
Camp	Johnson (CT)	Schaefer
Canady	Johnson, Sam	Schiff
Castle	Jones	Seastrand
Chabot	Kasich	Sensenbrenner
Chambliss	Kelly	Shadegg
Chenoweth	Kim	Shaw
Christensen	King	Shays
Chrysler	Kingston	Shuster
Clinger	Klug	Sisisky
Coble	Knollenberg	Skeen
Coburn	Kolbe	Skelton
Collins (GA)	LaFalce	Smith (MI)
Combest	LaHood	Smith (NJ)
Condit	Largent	Smith (TX)
Cooley	Latham	Smith (WA)
Cox	LaTourette	Solomon
Crane	Laughlin	Souder
Cremeans	Lazio	Spence
Cubin	Leach	Stearns
Cunningham	Lewis (CA)	Stockman
Davis	Lewis (KY)	Stump
Deal	Lightfoot	Talent
DeLay	Linder	Tate
Dickey	Livingston	Taylor (NC)
Dooley	LoBiondo	Thomas
Doolittle	Longley	Thornberry
Dornan	Lucas	Tiahrt
Dreier	Manzullo	Torkildsen
Duncan	Martini	Upton
Dunn	McCollum	Visclosky
Edwards	McCrery	Vucanovich
Ehrlich	McDade	Waldholtz
Emerson	McHugh	Walker
English	McInnis	Walsh
Ensign	McIntosh	Wamp
Everett	McKeon	Watts (OK)
Ewing	Metcalf	Weldon (FL)
Fawell	Meyers	Weldon (PA)
Fields (TX)	Mica	Weller
Flanagan	Miller (FL)	White
Foley	Molinari	Whitfield
Fowler	Moorhead	Wicker
Fox	Morella	Wilson
Franks (CT)	Myers	Wolf
Franks (NJ)	Myrick	Young (AK)
Frelinghuysen	Nethercutt	Young (FL)
Frisa	Neumann	Zeliff
Funderburk	Ney	Zimmer
Ganske	Norwood	

NOT VOTING—9

Borski	Ehlers	Lewis (GA)
Crapo	Gallegly	Meek
de la Garza	Gonzalez	Rush

☐ 2142

Messrs. CRAMER, HALL of Texas, STENHOLM, and BARCIA changed their vote from ''no'' to ''aye.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. WALKER). The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ARCHER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 381, noes 44, not voting 9, as follows:

[Roll No. 150]

AYES—381

Ackerman	DeFazio	Hobson
Allard	DeLauro	Hoekstra
Andrews	DeLay	Hoke
Archer	Deutsch	Holden
Armey	Diaz-Balart	Horn
Bachus	Dickey	Hostettler
Baesler	Dicks	Houghton
Baker (CA)	Dingell	Hoyer
Baker (LA)	Doggett	Hunter
Baldacci	Dooley	Hutchinson
Ballenger	Doolittle	Hyde
Barcia	Dornan	Inglis
Barr	Doyle	Istook
Barrett (NE)	Dreier	Jacobs
Barrett (WI)	Duncan	Johnson (CT)
Bartlett	Dunn	Johnson (SD)
Barton	Durbin	Johnson, Sam
Bass	Edwards	Johnston
Bateman	Ehrlich	Jones
Beilenson	Emerson	Kanjorski
Bentsen	English	Kaptur
Bereuter	Ensign	Kasich
Berman	Eshoo	Kelly
Bevill	Everett	Kennedy (MA)
Bilbray	Ewing	Kennedy (RI)
Bilirakis	Farr	Kennelly
Bliley	Fawell	Kildee
Blute	Fazio	Kim
Boehlert	Fields (TX)	King
Boehner	Filner	Kingston
Bonilla	Flanagan	Kleczka
Bonior	Foley	Klink
Bono	Forbes	Klug
Boucher	Fowler	Knollenberg
Brewster	Fox	Kolbe
Browder	Franks (CT)	LaFalce
Brown (CA)	Franks (NJ)	LaHood
Brown (OH)	Frelinghuysen	Lantos
Brownback	Frisa	Largent
Bryant (TN)	Frost	Latham
Bryant (TX)	Funderburk	LaTourette
Bunn	Furse	Laughlin
Bunning	Ganske	Lazio
Burr	Gejdenson	Leach
Burton	Gekas	Levin
Buyer	Gephardt	Lewis (CA)
Callahan	Geren	Lewis (KY)
Calvert	Gibbons	Lightfoot
Camp	Gilchrest	Lincoln
Canady	Gillmor	Linder
Cardin	Gilman	Lipinski
Castle	Goodlatte	Livingston
Chabot	Goodling	LoBiondo
Chambliss	Gordon	Lofgren
Chapman	Goss	Longley
Chenoweth	Graham	Lowey
Christensen	Green	Lucas
Chrysler	Greenwood	Luther
Clement	Gunderson	Maloney
Clinger	Gutierrez	Manton
Coble	Gutknecht	Manzullo
Coburn	Hall (OH)	Markey
Coleman	Hall (TX)	Martinez
Collins (GA)	Hamilton	Martini
Combest	Hancock	Mascara
Condit	Hansen	Matsui
Cooley	Harman	McCarthy
Costello	Hastert	McCollum
Cox	Hastings (WA)	McCrery
Cramer	Hayes	McDade
Crane	Hayworth	McDermott
Cremeans	Hefley	McHale
Cubin	Hefner	McHugh
Cunningham	Heineman	McInnis
Danner	Herger	McIntosh
Davis	Hilleary	McKeon
Deal	Hinchey	McNulty
Meehan	Quinn	Stenholm
Menendez	Radanovich	Stockman
Metcalf	Rahall	Studds
Meyers	Ramstad	Stump
Mica	Reed	Stupak
Miller (CA)	Regula	Talent
Miller (FL)	Richardson	Tanner
Mineta	Riggs	Tate
Minge	Rivers	Tauzin
Moakley	Roberts	Taylor (MS)
Molinari	Roemer	Taylor (NC)
Mollohan	Rogers	Tejeda
Montgomery	Rohrabacher	Thomas
Moorhead	Ros-Lehtinen	Thornberry
Moran	Rose	Thornton
Morella	Roth	Thurman
Murtha	Roukema	Tiahrt
Myers	Royce	Torkildsen
Myrick	Sabo	Torres
Nadler	Salmon	Torricelli
Neal	Sanders	Traficant
Nethercutt	Sanford	Upton
Neumann	Sawyer	Vento
Ney	Saxton	Visclosky
Norwood	Scarborough	Volkmer
Nussle	Schaefer	Vucanovich
Oberstar	Schiff	Waldholtz
Obey	Schroeder	Walker
Olver	Schumer	Walsh
Ortiz	Seastrand	Wamp
Orton	Sensenbrenner	Ward
Oxley	Shadegg	Watts (OK)
Packard	Shaw	Waxman
Pallone	Shays	Weldon (FL)
Parker	Shuster	Weldon (PA)
Pastor	Sisisky	Weller
Paxon	Skaggs	White
Payne (VA)	Skeen	Whitfield
Pelosi	Skelton	Wicker
Peterson (FL)	Slaughter	Williams
Peterson (MN)	Smith (MI)	Wilson
Petri	Smith (NJ)	Wise
Pickett	Smith (TX)	Wolf
Pombo	Smith (WA)	Woolsey
Pomeroy	Solomon	Wyden
Porter	Souder	Yates
Portman	Spence	Young (AK)
Poshard	Spratt	Young (FL)
Pryce	Stark	Zeliff
Quillen	Stearns	Zimmer

NOES—44

Abercrombie	Fattah	Payne (NJ)
Becerra	Fields (LA)	Rangel
Bishop	Flake	Reynolds
Brown (FL)	Foglietta	Roybal-Allard
Clay	Ford	Scott
Clayton	Frank (MA)	Serrano
Clyburn	Hastings (FL)	Stokes
Collins (IL)	Hilliard	Thompson
Collins (MI)	Jackson-Lee	Towns
Conyers	Jefferson	Tucker
Coyne	Johnson, E. B.	Velazquez
Dellums	McKinney	Waters
Dixon	Mfume	Watt (NC)
Engel	Mink	Wynn
Evans	Owens	

NOT VOTING—9

Borski	Ehlers	Lewis (GA)
Crapo	Gallegly	Meek
de la Garza	Gonzalez	Rush

☐ 2150

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 830, PAPERWORK REDUCTION ACT OF 1995

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 104–43) on the resolution (H. Res. 91) providing for the consideration of the bill (H.R. 830) to amend chapter 35 of title 44, United States Code, to