

also a past Scoutmaster of Troop One, the first troop west of the Mississippi; and

Whereas, A man of deep religious convictions, he has been an active member of the First Baptist Church of Big Spring and has served as president of the church board of trustees; and

Whereas, The State of Texas has benefited enormously from the service, wisdom, and expertise of this eminent public servant, and he is truly worthy of legislative recognition; now, therefore, be it

Resolved, That the Senate of the State of Texas, 74th Legislature, hereby applaud the career of service of Joseph "Joe" Pickle and congratulate him on his well-deserved retirement; and, be it further

Resolved, That a copy of this Resolution be prepared for him as an expression of the highest regard of the Texas Senate.

SENATE RESOLUTION

Whereas, It is indeed fitting and appropriate for the Senate of the State of Texas to pay tribute to Clyde McMahon, Sr., of Big Spring on the momentous occasion of his retirement from 22 years of distinguished service with the Colorado River Municipal Water District; and

Whereas, Throughout his long and dedicated career, Mr. McMahon has served effectively and conscientiously to the benefit of the citizens of West Texas; since 1952, no city served by the Colorado Municipal Water District has ever curtailed or rationed the use of water; and

Whereas, Created on May 31, 1949, the Colorado River Municipal Water District has developed three reservoirs along the Colorado River in West Texas to help ensure a long-term water supply for the region; directors of the district are appointed by the member cities and revenue bonds finance all projects with no local, state, or federal taxes involved in the funding of any district project; and

Whereas, In the beginning, the three-member cities of Big Spring, Odessa, and Snyder had a combined population of 56,000; today, the water district serves a 32-county area that totals 450,000 persons; and

Whereas, Mr. McMahon moved to Big Spring in 1953 after working on a highway project at Sterling City and, for nearly 25 years, operated McMahon Concrete before turning over the management of the company to his son in 1977; and

Whereas, Through the years, Clyde McMahon has become deeply involved in civic and community affairs freely offering his time and expertise; he served as president of the school board and was a two-term president of the Young Men's Christian Association; he was head of the United Way, the American Business Club, and the Texas Ready-Mix Association and worked on the Industrial Foundation; and

Whereas, A former president and director of the Big Spring Area Chamber of Commerce, the esteemed gentleman was named "Man of the Year" of the organization in 1974 in honor of his notable contributions to his community; now, therefore, be it

Resolved, That the Senate of the State of Texas, 74th Legislature, hereby express its deepest admiration to Clyde McMahon, Sr., for his invaluable accomplishments during his years of service with the Colorado River Municipal Water District and extend best wishes to him for a most rewarding retirement; and, be it further

Resolved, That a copy of this Resolution be prepared for him as an expression of the highest regard of the Texas Senate.

SENATE RESOLUTION

Whereas, The Senate of the State of Texas takes pride in recognizing John L. Taylor of

Big Spring who is retiring after 31 years of loyal service on the Board of the Colorado River Municipal Water District; and

Whereas, Following its creation in 1949, the Colorado River Municipal Water District developed three reservoirs along the Colorado River in West Texas to help ensure a long-term water supply for the region; the district now serves a number of cities in a 32-county area that totals 450,000 persons; and

Whereas, John Taylor joined the board of the Colorado River Municipal Water District in 1964 and in 1983 became the district's fourth president; and

Whereas, A talented and resourceful individual, he has shared in the direction of over \$40 million worth of district expansion, and it was during his tenure as president that the district's Lake Ivie Reservoir and pipeline projects was completed; the district capacity now totals 1.247 million acre-feet of permitted storage on the Colorado River; and

Whereas, While serving on the board, Mr. Taylor handled his responsibilities with exceptional skill and dedication, and his work included chairing the Colorado River Municipal Water District's personnel committee and serving on the water rate committee; and

Whereas, An exemplary gentleman and a leader in his community, John Taylor served as president of the Big Spring Area Chamber of Commerce and was recognized as its Man of the Year; he also served as a city council member and as mayor pro tem of the City of Big Spring; and

Whereas, As a member of the Board of the Colorado River Municipal Water District, John Taylor has contributed greatly to the welfare of the communities in the district's area, and his presence on the board will be missed by his colleagues and by the citizens of West Texas; now, therefore, be it

Resolved, That the Senate of the State of Texas, 74th Legislature, hereby commend John Taylor on his many years of distinguished service with the Colorado River Municipal Water District and extend to him best wishes for the retirement years ahead; and, be it further

Resolved, That a copy of this Resolution be prepared for him as an expression of esteem from the Texas Senate.

DRUG ENFORCEMENT ADMINISTRATION OPPOSES THE USE OF MARIJUANA AS MEDICINE

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 30, 1995

Mr. SOLOMON. Mr. Speaker, in a June 21, information release the Drug Enforcement Administration [DEA] denounced a recent article in the Journal of the American Medical Association [JAMA] which advocated the use of marijuana for medicinal purposes. Thomas Constantine, administrator of the DEA, stated:

I am very concerned about the JAMA commentary that advocates the medical use of marijuana. Marijuana is listed as Schedule I under the Controlled Substance Act because it has a high potential for abuse and no currently accepted medical use.

There is very little evidence of positive medicinal uses of marijuana. According to Constantine, organizations such as the American Glaucoma Society have expressed "concern over the harmful effects of marijuana and the lack of solid research demonstrating that its use would do more good than harm." And this

is not due to lack of research. Since 1971, the DEA has registered 1,605 applicants as qualified to do research with marijuana.

With the drug problem growing at tremendous rates, we must not legitimize marijuana by using it in our hospitals. As Constantine states:

At a time when drug use represents a major threat to our society, in particular our youth, it is extremely important to rely upon sound medical studies rather than anecdotal information to determine the proper place of marijuana under the Controlled Substances Act.

THE INDEPENDENT CONTRACTOR TAX SIMPLIFICATION ACT: FAIRNESS FOR SMALL BUSINESSES AND WORKERS

HON. JON CHRISTENSEN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 30, 1995

Mr. CHRISTENSEN. Mr. Speaker, today I am introducing the Independent Contractor Tax Simplification Act. My bill, which has 100 original cosponsors, is designed to remedy the concern which received the most votes of any issue at the White House Conference on Small Business earlier this month. In a nutshell, the bill clarifies the difference between contractors and employees in Federal tax law.

Today, the IRS uses a 20-factor test to distinguish an independent contractor from a full-time employee. This archaic policy has caused small businesses endless problems. First of all, the test is confusing enough to foil good-faith efforts to put individuals in one category or the other. Second, the confusion gives the IRS the power to force whole classes of workers from one category to the other. It has happened to truckers, to paper-delivery people, to travel agents, to hard-working people from every walk of life.

Mentioning the tortured distinction between employees and contractors is a sure-fire way to infuriate Main Street business people. They are the ones who can't afford the fancy lawyers and CPA's it takes to out-guess the IRS. And when you're in a gray area, you're in trouble no matter how much you spend—because the IRS can decide differently on two seemingly identical cases. This has wreaked havoc on businesses across the country.

For these and other reasons, clarifying tangled Federal tax provisions with respect to the distinction between full-time employee and independent contractor status has emerged as the top priority of the Nation's small business community. As I mentioned, this month the White House Conference on Small Business gave the most votes of any issue to the independent contractor issue. Think about that: of the hundreds of items that the small business community needs, this single issue emerged as the first order of business for policy makers. It sent me a strong message when the Nebraska delegation of the Conference told me this topped their list, as well.

My bill will substitute a new, far simpler set of criteria for determining who is not an employee—a new approach to an old problem. Today's law paints a dizzying portrait of every possible factor which would make someone an

employee. This bill would instead sketch clearly and starkly who would qualify as an independent contractor for tax purposes. By defining the restricted class—contractors—instead of the general class—employees—my bill avoids laying out a labyrinth of rules. Once the distinction is clarified, the problem should all but disappear.

I plan to press this legislation in Ways and Means and hope Chairman ARCHER will bring it up as soon as possible. And let me just say this too: I believe that with the groundswell of support this bill is already getting, including the backing of seven committee chairmen and 14 Ways and Means members, we will pass it in this Congress.

H.R. 1972

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Independent Contractor Tax Simplification Act of 1995".

SEC. 2. FINDINGS.

The Congress finds that:

(1) Simplifying the tax rules with respect to independent contractors was the top vote-getter at the 1995 White House Conference on Small Business. Conference delegates recommended that Congress "should recognize the legitimacy of an independent contractor". The Conference found that the current common law is "too subjective" and called upon the Congress to establish "realistic and consistent guidelines".

(2) It is in the best interests of taxpayers and the Federal Government to have fair and objective rules for determining who is an employee and who is an independent contractor.

SEC. 3. STANDARDS FOR DETERMINING WHETHER INDIVIDUALS ARE NOT EMPLOYEES.

(a) IN GENERAL.—Chapter 25 of the Internal Revenue Code of 1986 (general provisions relating to employment taxes) is amended by adding after section 3510 the following new section:

"SEC. 3511. STANDARDS FOR DETERMINING WHETHER INDIVIDUALS ARE NOT EMPLOYEES.

"(a) GENERAL RULE.—For purposes of this subtitle, and notwithstanding any provision of this subtitle to the contrary, if the requirements of subsections (b), (c), and (d) are met with respect to any service performed by any individual, then with respect to such service—

"(1) the service provider shall not be treated as an employee,

"(2) the service recipient shall not be treated as an employer, and

"(3) the payor shall not be treated as an employer.

"(b) SERVICE PROVIDER REQUIREMENTS WITH REGARD TO SERVICE RECIPIENT.—For the purposes of subsection (a), the requirements of this subsection are met if the service provider, in connection with performing the service—

"(1) has a significant investment in assets and/or training,

"(2) incurs significant unreimbursed expenses,

"(3) agrees to perform the service for a particular amount of time or to complete a specific result and is liable for damages for early termination without cause,

"(4) is paid primarily on a commissioned basis, or

"(5) purchases products for resale.

"(c) ADDITIONAL SERVICE PROVIDER REQUIREMENTS WITH REGARD TO OTHERS.—For the purposes of subsection (a), the requirements of this subsection are met if—

"(1) the service provider—

"(A) has a principal place of business,

"(B) does not primarily provide the service in the service recipient's place of business, or

"(C) pays a fair market rent for use of the service recipient's place of business; or

"(2) the service provider—

"(A) is not required to perform service exclusively for the service recipient, and

"(B) in the year involved, or in the preceding or subsequent year—

"(i) has performed a significant amount of service for other persons,

"(ii) has offered to perform service for other persons through—

"(I) advertising,

"(II) individual written or oral solicitations,

"(III) listing with registries, agencies, brokers, and other persons in the business of providing referrals to other service recipients, or

"(IV) other similar activities, or

"(iii) provides service under a business name which is registered with (or for which a license has been obtained from) a State, a political subdivision of a State, or any agency or instrumentalality of 1 or more States or political subdivisions.

"(d) WRITTEN DOCUMENT REQUIREMENTS.—For purposes of subsection (a), the requirements of this subsection are met if the services performed by the individual are performed pursuant to a written contract between such individual and the person for whom the services are performed, or the payor, and such contract provides that the individual will not be treated as an employee with respect to such services for purposes of this subtitle.

"(e) SPECIAL RULES.—For purposes of this section—

"(1) If for any taxable year any service recipient or payor fails to meet the applicable reporting requirements of sections 6041(a), 6041A(a), or 6051 with respect to a service provider, then, unless such failure is due to reasonable cause and not willful neglect, this section shall not apply in determining whether such service provider shall not be treated as an employee of such service recipient or payor for such year.

"(2) If the service provider is performing services through an entity owned in whole or in part by such service provider, then the references to 'service provider' in subsections (b) through (d) may include such entity, provided that the written contract referred to in paragraph (1) of subsection (d) may be with either the service provider or such entity and need not be with both.

"(f) DEFINITIONS.—For the purposes of this section—

"(1) SERVICE PROVIDER.—The term 'service provider' means any individual who performs service for another person.

"(2) SERVICE RECIPIENT.—Except as provided in paragraph (5), the term 'service recipient' means the person for whom the service provider performs such service.

"(3) PAYOR.—Except as provided in paragraph (5), the term 'payor' means the person who pays the service provider for the performance of such service in the event that the service recipients do not pay the service provider.

"(4) IN CONNECTION WITH PERFORMING THE SERVICE.—The term 'in connection with performing the service' means in connection or related to—

"(A) the actual service performed by the service provider for the service recipients or for other persons for whom the service provider has performed similar service, or

"(B) the operation of the service provider's trade or business.

"(5) EXCEPTIONS.—The terms 'service recipient' and 'payor' do not include any entity

which is owned in whole or in part by the service provider."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 25 of such Code is amended by adding at the end the following new item:

"Sec. 3511. Standards for determining whether individuals are not employees."

(c) EFFECTIVE DATE.—The amendments made by this Act shall apply to services performed after December 31, 1995.

NATIONAL LITERACY DAY 1995

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, June 30, 1995

Mr. PAYNE of New Jersey. Mr. Speaker, I am pleased to ask my colleagues to join me in observance of National Literacy Day on July 2, 1995. As we move into a technologically advanced, 21st century economy, it is imperative that the American people are equipped with the tools they will need to navigate in such a milieu. Basic literacy is a fundamental prerequisite to survival in our rapidly-developing world. While literacy does not guarantee success and prosperity in a third wave culture, illiteracy does forebode a life of poverty and despair.

When 30 million Americans cannot read, and over 42 million are functionally illiterate, we are relegating these individuals to a life on the cusp of viability and hopelessness. Furthermore, through the economic underemployment that an illiterate populace engenders, we are continuing to underutilize the resources which we possess. As a result, by the year 2000, we will need to retrain 50 million workers to enable them to compete in the new economy. Additionally, the Nation will spend over 225 billion dollars per annum because of the insufficiencies of illiterate workers.

Over the past 10 years, we recognized our commitment to literacy through a nationally observed Literacy Day. Today, I ask that we recognize July 2, 1995 as a day in which we both praise the efforts of those who have worked to increase our national reading capacity, and promote awareness of the shortcomings continually inherent in our educational system.

For example, in my home State of New Jersey, project Focus on Literacy, spearheaded by executive director Caryl Mackin-Wagner has worked tirelessly to increase statewide literacy. However, on the other hand, in New Jersey alone, there are over 800,000 people who are illiterate, and countless others who suffer from functional illiteracy.

This kind of awareness of both our successes and failures is crucial if we, as a Nation, hope to triumph over illiteracy. Therefore, Mr. Speaker, I ask that we again observe National Literacy Day on July 2, and continue our arduous journey toward a literate America.