

I almost wish I were there, but I can wait my turn. I can wait, because there is something I know for sure. I want to share it with you today:

The Christian never says "good bye" for the last time. I believe this is the most meaningful and heart warming thought I can leave with you today.

I know it is a sad day for all of us.

Yes, I remember when we said, "So Long George IV".

So today, we say "So Long Dr. George". But, my Christian friends, "The chariot's a'commin'".

So, no last "good byes", not for Christians. As Lowell Thomas used to say, "So long until tomorrow."

TRIBUTE TO DOUG BANKS AND WGCI-AM/FM RADIO FOR ILLI- NOIS' FIRST CONGRESSIONAL DISTRICT

HON. BOBBY L. RUSH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RUSH. Mr. Speaker, I rise today to applaud the efforts of Chicago radio personality Doug Banks and WGCI AM and FM radio for their efforts in conducting the "Beat the Heat" program on July 22 to aid those residents in need of relief from the scorching summer heat.

As many of you know, much of our country has been gripped in record breaking heat for the past 2 weeks. The Chicago area was hit the hardest two weekend's ago with the heat claiming at least 529 lives. Most of those who died as a result of the heat were the young and the elderly, many of whom could not afford to purchase fans or air-conditioners or who had no electricity.

Last Saturday Doug Banks and WGCI radio in Chicago held a "Beat the Heat" campaign at Operation PUSH headquarters in my district to encourage businesses and citizens to donate fans and air-conditioners to be distributed to those residents who needed them most. Mr. Banks' efforts were of tremendous success in helping those who needed relief the most.

I ask my colleagues to join me in thanking Mr. Banks, WGCI radio, Operation PUSH, and all the businesses and volunteers who made the selfless effort to help others beat the heat and in the process save lives.

I am pleased to enter these words of commendation into the RECORD.

A GOOD DEAL FOR UNITED STATES MEAT SALES TO KOREA

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. DE LA GARZA. Mr. Speaker, it was a pleasure to welcome President Kim Yong-Sam of Korea to this Chamber, particularly as we observe the 50th anniversary of the end to the war in Korea.

I am also very pleased that Korea, our good friend and ally, has just agreed to significant trade liberalization that will benefit both of our countries.

On July 20, our two governments announced new import policies that will allow for

the added sale of millions of dollars of United States meats and other food products to Korea. This improved trading relationship is appropriate to the strong friendship between our two countries.

I wish to commend the negotiators of this new agreement—the U.S. Trade Representative, the U.S. Department of Agriculture, and President Kim's team. The documents were signed in a formal ceremony in Ambassador Kantor's office last Thursday. Two long-standing trade issues regarding Korea's shelf-life policies are now resolved.

This is an important breakthrough. Through long and sometimes frustrating trade negotiations between our governments, Korea has grown to a \$2.5 billion market for United States agriculture.

Korea is now the United States' fourth largest agricultural market, after Japan, Canada, and Mexico. Feedgrains, cotton, and cattle hides are our major exports, and U.S. red meats are growing in importance. American value-added, consumer-oriented food exports to Korea increased by 36 percent in the first half of 1995. Total United States agricultural sales to Korea are headed for a new record.

Korea is now our No. 3 market for American red meat with purchases of \$254 million last year. The U.S. meat industry estimates that this agreement will add \$240 million in sales in the first year, and add \$1 billion annually by the year 1999. The agreement will also benefit many other types of food products and allow growth to accelerate.

This agreement resolves both the section 301 investigation and the standards case brought to the World Trade Organization against Korea's shelf-life policy. Korea will now accept manufacturers' "Use by . . . date" for labels and will allow an adequate shelf-life to enable the United States to ship and market products profitably. The agreement includes chilled beef and pork, as well as all frozen foods including processed meat and poultry products.

Our trade dispute resolution mechanisms are working. This was the first standards case brought by the United States to the new World Trade Organization [WTO] dispute settlement panel. Korea also has agreed to work to resolve a second WTO case against its unscientific residue testing and import inspection procedures affecting grapefruit and other food products.

Beef and pork are currently sold in Korea under quotas negotiated in previous United States-Korea beef agreements and scheduled for phase-out in the Uruguay Round Agreement. The last year of quotas will be the year 2000. The United States is very competitive in the Korean market with Australia and New Zealand for beef and with Europe for pork. United States market share in Korea is now 58 percent for beef and 50 percent for pork.

USDA export promotion funding through the Foreign Market Development Program—co-operator program—and the Market Promotion Program [MPP] have been critical to developing the Korean market for United States meat. The supermarket taste tests, restaurant promotions, and industry trade teams sponsored through partnership with USDA serve to introduce American beef, pork, and poultry to Korean consumers and wholesalers. These programs will be critical in the months ahead to helping U.S. companies to capitalize on the new trade opportunities and compete with foreign competition.

IN MEMORY OF DEPUTY SHERIFF JEFFERY ALLAN HILL

HON. GEORGE E. BROWN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. BROWN of California. Mr. Speaker, I rise today to pay tribute to the memory of Deputy Sheriff Jeffery Allan Hill who founded the SELF Youth Center [Self-Education Law Enforcement Family].

On December 18, 1994, while driving to work, Jeff Hill's 32 years on this Earth ended. He was the victim of a head-on collision with a drunk driver.

Deputy Hill understood that crime prevention starts by addressing social and economic problems, and developing the moral character of youth. He developed a unique program to help African-American boys become important contributors and role models in their communities. Subsequently, he created the nonprofit SELF organization.

The SELF program is a rite of passage for African-American boys that focuses on prevention, intervention, and redirection of unacceptable behaviors. The goal is to prepare African-American boys to become responsible men.

The rite of passage is a 22-week program conducted by African-American law enforcement officers. The program theory is based on Dr. Maulana Karenga's Kawaida theory utilizing the seven principles of the Nguzo Saba.

First, Umoja (Unity).

Second, Kujichagulia (Self determination).

Third, Ujima (Collective work and responsibility).

Fourth, Ujamaa (Cooperative economics).

Fifth, Kuumba (Creativity).

Seventh, Imani (Faith).

SELF is nationally recognized and adopted by the National Black Police Association—western region. Jeff developed the idea of the SELF program in 1990, and the first SELF class began in January 1993. Since then 150 African-American male youths aged 8 to 14 have completed the program that now exists throughout California and Arizona.

Although he is no longer with us physically, Deputy Hill's fervor and dedication to youth continues. His legacy of the SELF program will serve youth for many years to come.

CELEBRATION OF THE PERUVIAN INDEPENDENCE DAY

HON. WILLIAM J. MARTINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. MARTINI. Mr. Speaker, I rise today in celebration of the Peruvian Independence Day Parade. As the grandson of immigrants, I am honored to be the International Godfather of this illustrious parade.

The Peruvian community has every reason to celebrate their notable accomplishments. Their citizens are some of the most productive and valued members of the Eighth Congressional District of New Jersey. In fact, they boast the most educated second generation Peruvian-Americans ever in the United States. In colleges and universities across America,

Peruvian-Americans graduate every year with degrees in law, medicine, engineering, and accounting.

The Peruvian-Americans have been so successful in their educational endeavors because they believe in hard work, sometimes attending classes at night while working full time during the day. In fact, the number of Peruvians on the rolls of social services is almost nonexistent. They have demonstrated that a fair chance to prove their value coupled with the dedication to hard work are the ingredients to a prosperous life.

Furthermore, the Peruvians believe dedication to the family is the essential element in building strong community relationships where parents can care for their children and ensure that they have the best opportunities available to advance in life. For instance, when faced with financial difficulties Peruvian-Americans have displayed their self reliance. Instead of turning to the Federal Government, the Peruvians have established a network of community organizations including volunteers, civic associations, and churches which offer medical care and other forms of assistance to the residents. They provide the strength, reassurance, and tangible advantages that are necessary to succeed. In short, it is the community where Peruvians go when in need of assistance.

Finally, Mr. Speaker, the success of the Peruvian community has had a positive impact on the lives of the people of my congressional district. They provide brilliant examples of the same values that propelled my parents—and millions of other immigrants—to succeed in America. I believe it is all of these qualities that make the Peruvian community such an asset to the people I represent. I am proud to join them on this day of celebration.

THE REAL ESTATE INVESTMENT TRUST SIMPLIFICATION ACT OF 1995

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. SHAW. Mr. Speaker, I rise today to draw my colleagues' attention to an important piece of legislation, H.R. 2121, the Real Estate Investment Trust Simplification Act of 1995 [REITSA], a bill to amend portions of the Internal Revenue Code dealing with real estate investment trusts, or REIT's. The legislation responds to the need for simplification in the regulation of the day-to-day operation of REIT's. REITSA is cosponsored by Mr. MATSUI, Mr. CRANE, Mr. THOMAS, Mrs. JOHNSON, of Connecticut, Mr. ZIMMER, Mr. PORTMAN, Mr. STARK, Mr. JACOBS, Mr. LEVIN, Mr. CARDIN, Mr. DUNN, and Mr. SAM JOHNSON of Texas.

In 1960, Congress created REIT's to function as the real estate equivalent of the regulated investment company, or mutual fund. As such, they permit small investors to participate in real estate projects that the investors could not undertake individually and with the assistance of experienced management. Over time, the REIT industry has matured into its intended role with the greatest stride made in this decade.

This development of the REIT industry is a result of a number of factors. As important as

any other were the changes Congress enacted in 1986 to the REIT rules themselves and the tax landscape in general. With respect to the general provisions, throughout the 1980's limited partnerships used the offer of multiple dollars of tax paper losses for each invested dollar to attract investors away from solid investments like REITs, which seek to provide investors with consistent distributions from economically feasible real estate investments but provide no opportunity to receive a pass-through of tax motivated losses. Accordingly, the elimination of those tax loss loopholes led investors to look for income-producing investment opportunities.

Also included in the 1986 tax legislation were important modifications to the REIT provisions of the Code. Among the changes made as part of that modernization of the REIT tax laws, the first in a decade and most recent comprehensive revision of the REIT laws, the most significant was the change allowing REIT's to directly provide to tenants those services customary in the leasing of real estate as had been permitted to pension plans and other tax-exempt entities engaged in the leasing of real property. Prior to that change, a REIT was required to use an independent contractor to provide those services.

These legislative changes and the lack of credit to recapitalize America's real estate produced a suitable environment for the substantial growth in the REIT industry and the fulfillment of Congress' original hopes for the REIT vehicle.

From 1990 to present, the industry has grown from a market capitalization of approximately \$9 billion to nearly \$50 billion. Fueling that growth has been the introduction of some of America's leading real estate companies to the family of long existing, viable REIT's. As a result, the majority of today's REIT's are owners of quality, income-producing real estate. Thus, hundreds of thousands of individuals that own REIT shares through direct investment, plus the many more who are interest holders in the growing number of mutual funds or pension funds investing in REIT's, have become participants in the recapitalization of tens of billions of dollars of America's best real estate investments. Likewise, investors in mortgage REIT's have the opportunity to participate in the ever growing market for securitized mortgages, further contributing to the recapitalization of quality real estate.

The benefits of the growth in the REIT industry were addressed in a recent Urban Land Institute White Paper titled "The REIT Renaissance." That white paper concluded that "[f]rom an overall economic standpoint, the real estate industry and the economy should be well served by the expansion of the REIT industry—the broadening of participation in real estate ownership, the investment in market information and research that the public market will bring, and the more timely responsiveness to market signals that will result from better information and market analysis."

To assist the continued growth of this important industry, was developed to address areas in the existing tax regime that present significant, yet unnecessary, barriers to the use of the REIT vehicle. The proposals represent a modernization of the most complex parts of the regulatory structure under which REIT's operate, while leaving intact the basic underlying ownership, income, asset, and distribution

tests introduced in the original REIT legislation.

SUMMARY OF KEY PROVISIONS

A. Title I contains three proposals to remove unnecessary "traps for the unwary." These proposals would address current requirements that are not necessary to satisfy Congressional objectives, that carry a disproportionate penalty for even unintentional oversights, or that are impracticable in today's environment. Title I's overriding intention is not to penalize a REIT's many small investors by stripping the REIT of its tax status as a result of an act that does not violate Congress' underlying intent in creating the REIT vehicle.

Section 101. Shareholder Demand Letter. The potential disqualification for a REIT's failure to send shareholder demand letters should be replaced with a reporting penalty. Under present law, regulations require that a REIT send letters to certain shareholders within 30 days of the close of the REIT's taxable year. The letters demand from its shareholders of record, a written statement identifying the "actual owner" of the stock. A REIT's failure to comply with the notification requirement may result in a loss of REIT status.

The failure to send-so-called demand letters may result in the disqualification of a REIT with thousands of shareholders that easily satisfies the substantive test because of a purely technical violation. As a result of disqualification, a REIT would be compelled to pay taxes for all open years, thereby depriving their shareholders of income generated in compliance with all of the REIT rules. Fortunately, the Internal Revenue Service has not enforced any such technical disqualifications and instead has entered into closing agreements with several REITs. The proposal would alleviate the need to enter into such closing agreements on a prospective basis.

H.R. 2121 provides that a REIT's failure to comply with the demand letter regulations would not, by itself, disqualify a REIT if it otherwise establishes that it satisfies the substantive ownership rules. But under these circumstances, a \$25,000 penalty (\$50,000 for intentional violations) would be imposed for any year in which the REIT did not comply with the shareholder demand regulations and the REIT would be required, when requested by the IRS, to send curative demand letters or face an additional penalty equal to the amounts related above. In addition, to protect a REIT that meets the regulations, but is otherwise unable to discover the actual ownership of its shares, the bill provides that a REIT would be deemed to satisfy the share ownership rules if it complies with the demand letter regulations and does not know, or have reason to know, of an actual violation of the ownership rules.

Section 102. De Minimis Rule for Tenant Services Income. The uncertainty related to qualifying services for a REIT should be addressed by a reasonable de minimis test. In 1986, Congress modernized the REITs' independent contractor rules to allow them to directly furnish to tenants those services customary in the management of rental property. However, certain problems persist. Under existing law, a REIT's receipt of any amount of revenue as a result of providing an impermissible service to tenants with respect to a property may disqualify all rents received with respect to that property. For example, if a REIT's employee assists a tenant in moving in or out of an apartment complex (a potentially impermissible service), technically the IRS could contend that all the income from the apartment complex is disqualified, even though the REIT received no direct revenue for the provided