

EXTENSIONS OF REMARKS

CORRECTION OF TAX RULES WILL ENCOURAGE BETTER FORESTRY, ENVIRONMENTALLY SENSITIVE MANAGEMENT, AND A STRENGTHENED RESOURCE BASE FOR THE U.S. TIMBER INDUSTRY

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, February 13, 1995

Mr. WYDEN. Mr. Speaker, the debate in this House concerning Tax Code reforms traditionally has been focused on two primary issues: Is the current tax law fair, and does the code encourage economic growth and new jobs?

Today, I want to suggest that we address one other question: does the code encourage sustained management of an increasingly threatened national treasure—our 350 million acres of privately owned, commercial forest land.

Global warming, the deforestation of tropical timberlands, and our own efforts to preserve our dwindling supply of native, old growth timberlands have all lead us to reevaluate our planet's crucial need for trees.

As many of my colleagues are aware, I have for years advocated the position that our Tax Code contains severe disincentives for private forestry. With many of my colleagues from the Congressional Forestry 2000 Task Force, I have worked for reasonable changes in the law to overturn unfair obstacles to small woodlot owners who wish to keep their lands in long-term, sustained-yield, timber production.

Today, I and 16 of my colleagues reintroduce legislation which takes dead aim at one of the most egregious of the code's disincentives to private forestry, IRS passive loss rules. Our bill, the Forest Stewardship Act of 1995, puts our tax policy on the side of jobs, wildlife conservation and proper timber management—where the code always should have been.

This bill will restore to tens of thousands of small woodlot owners the right to deduct reasonable business expenses in managing their nonindustrial private timberlands. Incredibly, the Internal Revenue Service in the mid-1980s stripped these woodlot owners of this favorable tax treatment even though it would cost States like Oregon, which has more than 42,000 tree farmers, an untold number of timber industry jobs and undercut proper forest management.

I believe the IRS' position is entirely inconsistent with the intent and will of Congress in enacting the 1986 tax reforms. At the heart of the problem is the agency's stringent rule on material participation, the test that separates passive investors from active managers. Under the IRS' interpretation, which is based on an inflexible hours-per-year activity standard, many tree growers have been unfairly barred from deducting costs of doing business. That means they can't even use profes-

sional foresters to help manage their lands without endangering their active status under the law. The resulting mismanagement can mean less timber, inadequate conservation measures, and, ultimately, loss of the lands from the timber base.

This bill redefines the code to allow these farmers to deduct normal business expenses.

I'm proud to be joined in this effort by a bipartisan coalition of cosponsors—Representatives HERGER, CALLAHAN, DEAL, CRAMER, COOLEY, EMERSON, DEFazio, STUPAK, KLUG, WILSON, OBERSTAR, SPRATT, HAYES, FURSE, CHAPMAN, and RICHARD BAKER—who have worked very hard with me in crafting this legislation.

I would also point out that besides having the broad support of major timber associations representing both tree growers and the wood products manufacturing industry, this legislation has been advocated by environmental organizations including the Sierra Club, One Thousand Friends of Oregon, the Audubon Society, and others.

Mr. Speaker, it is not often that both the timber products industry and the environmental community agree on congressional legislation effecting forests management. The reason both of these often warring factions back this bill is quite simple: they understand that this narrow Tax Code change will: First, encourage better forest management by allowing tree growers to deduct the cost of professional forestry consultants; and two, discourage tree farmers from converting their increasingly valuable lands to non-forest uses.

As a consequence, wildlife habitat, watersheds, recreational values, and timber resources will be preserved.

In Oregon, we have something in excess of 3.3 million acres in small woodlot management. Our State forecasts on future timber needs already have identified these acres as an increasingly important source of trees for our mills. Already, these woodlands account for more than 10 percent of our tree harvest—public and private—in Oregon.

My colleagues, these forestlands account for real dollars, and real jobs. Discouraging their best-use management will have real, long-term, adverse impacts on employment and, consequently, IRS tax collections. No less a conservationist organization than our own One Thousand Friends of Oregon has sued the IRS, asking that the agency reconsider its regulations in this area.

I urge my colleagues to join us in cosponsoring the vital legislation.

TRIBUTE TO HON. CHET HOLIFIELD

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, February 13, 1995

Mrs. COLLINS of Illinois. Mr. Speaker, as ranking member of the Committee on Government Reform and Oversight, I rise today in

tribute to a great legislator, our former colleague Representative Chet Holifield of California. This remarkable man served in Congress for 32 years, from 1943 to 1975, and during those years he was a member and later chairman of committees that were predecessors of the present committee. Last Sunday, February 5, Chet passed peacefully in Redlands, CA, at the age of 91.

During my first term in Congress, it was my privilege to serve with Chet as a member of the Committee on Government Operation, of which he had become chairman in 1970, following the passing of its prior chairman, Congressman William L. Dawson of Illinois.

Chet's extraordinary record of accomplishment in legislation and oversight covers such diverse and pioneering areas as Government reorganization, atomic energy, Federal procurement, Federal property and administrative services, national security operations, and Federal paperwork reduction. As a subcommittee chairman in 1949, he presided over the creation of the Federal Property and Administrative Services Act. These matters have been well chronicled in many publications. I would cite among them CONGRESSIONAL RECORD issues for March 25, 1970, March 7, 1972, November 26, 1974, and December 20, 1974, offering extensive tributes from colleagues. I am told, by the way, that this year, we may expect to see published the only authorized biography of Chet Holifield, dealing with his career as a legislator and nuclear statesman.

It is very fitting on this occasion to speak about the personal character of Chet Holifield. Chet was an American original, a leader, largely self-educated, morally courageous, enterprising, perserving, and unswerving in the service of his fellow men and his democratic principles. He was a model of the traits and values woven into the American ideal, not the least of which was the beautiful family life that he and his lovely wife Cam created with their daughters and their now 31 grandchildren and great grandchildren.

This personal character was a key factor in Chet's being able to achieve what he did. It enabled him to win respect, trust, and confidence from colleagues in both bodies of the Congress, from Presidents, from Federal officials, from representatives of the academic and business worlds, and from representatives of international agencies.

As I said, I did not know him long. Perhaps the best testimony about Chet's character is that of Members of this body who knew him well and worked with him over many years. Their remarks have provided inspired recognition of the man and his works. I should like to cite here three examples from remarks by committee colleagues in the December 20, 1974, CONGRESSIONAL RECORD. Chet by this time had announced his retirement.

The late Craig Hosmer of California, who, as the ranking Republican, served with Chet on the Joint Atomic Committee, stated:

Unique and extraordinary is the only phrase I know that properly characterizes

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Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

our departing colleague Chet Holifield. He is a most special and most precious person. One cut out of no mold, but individually fashioned and endowed with inimitable style, extraordinary wisdom, inexhaustible energy, great physical stamina, and total perseverance of purpose.

The late Benjamin Rosenthal, a member and subcommittee chairman on the Government Operations Committee, paid this tribute to Chet:

His numerous achievements are far to many to chart or catalog. But it is a mark of Chet's distinguished career that those achievements resulted not so much from his House seniority as from his creative energies.

Chet and I have disagreed, from time to time, on certain public policy issues. But I know that his public positions were formulated with only one test in mind: Will the public interest benefit? Perhaps the greatest tribute I can pay him is that I will always remember him as a doer, an innovator, and a builder.

One person uniquely qualified to speak is our recently retired colleague Frank Horton. For 30 years, Frank was a member of the Committee on Government Operations. For 12 of those years, he and Chet served opposite each other as leaders of their parties either on Chet's subcommittee or on the full committee. They dealt with issues before the committee in full bipartisanship. Frank has stated that their relationship grew as close as father and son. Chet, he said, treated him, and I can quote him, "like he was my father." Out of this hard work together, many of the great and lasting accomplishments of the committee became realities. They include creation of the Departments of Transportation and Housing and Urban Development, the landmark 1973 Report of the Commission on Federal Procurement, on which both Frank and Chet served as members, and the Report of the Commission on Federal Paperwork, which Frank himself chaired.

Addressing the House on December 20, 1974, Frank remarked about Chet:

During 32 years of service to his constituents and to America and mankind, he has shown himself to be fair, compassionate, objective, hard-working, and brilliant. He more than any man I know, has lived his principles each day of his life. He is true to his family, to his country and to his ideals.

Evidence of Chet's hard work and iron purpose is found in Frank's statement that at his prime as chairman of the Joint Committee on Atomic Energy Chet was the most knowledgeable layman in the country concerning atomic energy.

But I want to return to Frank's remarks to the House and conclude. It is good to listen to this deeply felt encomium, which speaks movingly to the virtues and principles of Chet Holifield as well as to virtues and principles to which all of us as legislators are called.

Mr. Speaker, there are few combinations of people in human experience who get to know each other better than the chairman and ranking minority member of a committee—who must work day-in day-out to solve problems on issues, and to forge compromises on bills in the heat of pressure and controversy.

For all my 12 years in the House, it has been my privilege to serve with Chet on the Government Operations Committee. Ten of those years have been spent serving opposite each other as leaders of our parties in subcommittee, and 2 of those years, during this

Congress, we led the full committee together.

It would be impossible to sum up what this experience has meant to me, or to describe my respect for the man. Let me only say that I have never worked with any person who approached the needs of the public more objectively or keenly, or who was so devoid of selfishness or of either partisan or other prejudice. Chet Holifield, the legislator, comes as close as any man to the ideals Americans look to in a Congressman. He understands what the public interest is, and he puts it first—always. All other considerations, however worthy or tempting, however much easier they may be to serve, come second.

POVERTY DATA IMPROVEMENT ACT

HON. THOMAS C. SAWYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, February 13, 1995

Mr. SAWYER. Mr. Speaker, today I am re-introducing legislation that will help Congress target billions of dollars annually in Federal program funds to populations most in need, as well as measure the effectiveness of public assistance programs in a timely way.

The Poverty Data Improvement Act passed the House unanimously in November, 1993. The bill requires the Census Bureau to produce and publish poverty estimates for States, counties, cities and school districts every 2 years. Currently, the only source of reliable poverty data below the national level is the decennial census. According to the General Accounting Office, \$22 billion is allocated through 19 Federal grant programs each year to State and local governments based on those poverty figures.

Clearly, the infrequent production of small area poverty data has undermined the ability of many critical Federal programs to reach their target populations effectively. As Federal dollars become more scarce in the effort to balance the budget, it will be even more important to ensure that these programs are serving communities that are most in need. Concentrations of poverty are not stagnant over the course of a decade. The movement of lower-income populations into rapidly growing areas, as well as the abandonment of older cities by the middle class, causes a shift in demographic patterns that must be measured more often than once every 10 years.

A notable case in point is the title 1 grant program for elementary and secondary schools, which Congress reauthorized as part of the Improving America's Schools Act in the 103d Congress. The 1990 census income data, which reflects 1989 economic conditions, was used for the first time to allocate title 1 funds in the 1993-94 school year. At their best, the figures were 4 to 5 years old. And the year before that, 1980 census data—reflecting 1979 income—was still being used to allocate title 1 funds. Imagine using figures that are nearly 14 years old to allocate nearly \$7 billion to counties and school districts across the country. How can we have any confidence that those funds are reaching children and schools that need the most help?

Unfortunately, the Senate did not act on the Poverty Data Improvement Act in the last Congress. But Congress saw the folly in relying on outdated poverty numbers to develop and administer important programs such as chapter

1, the Job Training Partnership Act, Community Development Block Grants, and rural housing programs, to name a few. In its reauthorization of the title 1 program, Congress called for the use of updated county poverty estimates by 1996 and updated school district poverty estimates by 1998, in allocating program funds. We also asked the National Academy of Sciences to undertake a multi-year study of the Census Bureau's effort to produce poverty estimates for States, counties, cities and school districts every 2 years. Timely data are an important factor in policy development, but it's also important for policymakers to have confidence in the numbers on which they rely.

To its credit, the Census Bureau has recognized the critical policy need for more frequent poverty numbers below the national level. The Bureau has started the research and development phase of its small area poverty estimates program, and reports that it is on schedule to release poverty figures for States and counties in the fall of 1996.

Given the significant amount of taxpayer dollars that are distributed according to poverty data, the Census Bureau's effort is a bargain. In fiscal years 1994 and 1995, the Bureau will spend \$600,000 per year to develop its first intercensal poverty numbers. In subsequent years, the annual cost will rise to approximately \$800,000, with additional costs likely to produce poverty estimates for school districts. Nevertheless, that's far less than a hundredth of a percent of the funds allocated each year on the basis of that data.

The Poverty Data Improvement Act addresses one important element of a growing debate about the accuracy of data we use for Federal program purposes. That element is the question of timeliness. Data that are old may look precise, but they simply aren't accurate.

The bill does not address broader—and very legitimate—concerns about the way we define poverty. In fact, today we are using definitions that were developed nearly 30 years ago. Fortunately, the Committee on National Statistics of the National Academy of Sciences is completing a comprehensive study of the definition of poverty. That study includes a review of consumption patterns, differences in cost of living across geography, and the effect of noncash benefits on living standards. The academy expects to release its findings and recommendations in May.

Mr. Speaker, we need the capacity to identify demographic and economic forces that are changing more rapidly than our ability to measure them using traditional data collection methods. Accurate, useful, and timely data can serve as a solid foundation on which to build sound and cost-effective programs. The Poverty Data Improvement Act represents an important start toward achieving that goal. I urge my colleagues to support this worthwhile legislation.

BACK-TO-BASICS CRIME BILL

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, February 13, 1995

Mr. PACKARD. Mr. Speaker, yesterday marked the 40th day of our Contract With