COMMEMORATIVE STATEMENT FOR GEORGE F. JONES

HON. JAMES B. LONGLEY, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. LONGLEY. Mr. Speaker, this month of June marks the anniversary of the passing of a very special constituent, George F. Jones, who died in June 1995, at the blessed age of 105. I would like to take this opportunity to commemorate his remarkable life.

Born in Gardiner, ME, Mr. Jones was a direct descendant of Samuel Huntington, President of the Continental Congress and a signer of the Declaration of Independence. George was well respected by those who knew him. He was a sincere believer in the American ideals of hard work and honesty. A man who lived by his convictions, George Jones was dedicated to his profession as a furnituremaker and ascertained a worldwide reputation. It is even rumored that furniture was sent to him from Buckingham Palace in the 1930's for repair.

As a talented violinist, George Jones played for the Lincoln County Community Orchestra, and even enjoyed playing a little fiddle at church services and area dances. George also worked to aid the community as a member of the Alna Lodge of Masons and the Saint Andrews Society of Maine.

Mr. Jones is truly missed by the many individuals whose lives he touched, and stands as an example for all Americans who can learn from his dedication to those around him and to life itself.

CABLE'S HIGH SPEED EDUCATION CONNECTION

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. FIELDS of Texas. Mr. Speaker, I would like to commend the cable television industry for its recently announced plan to provide America's elementary and secondary schools with high-speed Internet access via cable modems. Under this innovative educational plan—''Cable's High Speed Education Connection''—local cable companies will provide the equipment necessary to connect schools located in their service areas to the Internet free of charge.

There is universal agreement that the Internet is an increasingly important information resource—one that can contribute significantly to the overall educational process. As a result of rapid technological advances, we are witnessing an information explosion—and much of that information is located on, and available from, the Internet.

By undertaking this initiative, the cable television industry is assuming a leading role in making the information on the Internet available to millions of young Americans. I applaud the cable television for devising this plan that will put more and more young Americans online, and that will provide them with access to this important information resource.

We all recognize that our children are our country's future. That is why I hope that this important program will encourage other industries to do what the cable television industry has already done with its ''Cable's High Speed Education Connection'' Program—that is, to contribute their expertise and a portion of their earnings to the goal of improving the quality of education our children receive.

Once again, I want to applaud the cable television industry for its efforts to assist our schools, which will improve the quality of education our children receive, which will—in turn—help ensure the continued economic well-being of our country in the years ahead.

THE LATE REVEREND RALPH DAVID ABERNATHY, JR., HONORED

HON. JOHN LEWIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. LEWIS of Georgia. Mr. Speaker, during the 1960's, I was honored to be a part of the civil rights movement—a movement that changed the face of our Nation. People from throughout our Nation—old and young, black and white, rich and poor—joined the nonviolent revolution that made our country a better, fairer, more just Nation. I was fortunate to get to know Dr. Martin Luther King, Jr., and his partner in the movement—Dr. Abernathy.

Dr. Abernathy was an inspiring and committed leader from the earliest days of the movement. When Rosa Parks was arrested for refusing to stand in the back of the bus while there were empty seats in the ''white'' section of the bus, she inspired the Montgomery bus boycott. As ministers of the two leading black churches in Montgomery, AL, Dr. King and Dr. Abernathy worked together to organize and sustain that boycott. Thus began the strong bonds of friendship and commitment that would last as long as the two men lived.

Dr. Abernathy had a lifelong commitment to securing and protecting basic civil rights for all Americans. I marched with him many times throughout the South, including Selma and Montgomery. After the assassination of Dr. King in 1968, Dr. Abernathy assumed leadership of the Southern Christian Leadership Conference, and worked to carry on the dream of Dr. Martin Luther King, Jr. After Dr. King's death, Dr. Abernathy continued to organize and lead marches and other events, included the Poor People's Campaign, a massive demonstration to protest rising unemployment, held in Washington, DC.

The Reverend Dr. Abernathy passed away, too young, 6 years ago. Today, I am introducing a resolution authorizing the construction of a memorial to the Reverend Dr. Abernathy and the Poor People's Campaign on the National Mall. I invite my colleagues to join me in supporting this effort. The monument will celebrate the achievements of the past, commemorate those who marched alongside us many years ago, and pay special tribute to the sacrifices and the contributions of Dr. Abernathy and others who participated in the Poor People's Campaign. Thousands of people participated. Some has small roles, others large roles. The Reverend Ralph David Abernathy had many roles, often at the same time. He was a teacher, a leader, an organizer, a soldier, and a friend. Many were inspired by his good humor, and his guidance. Today, I Invite my colleagues to join me in celebrating his legacy and his life.

H.R. 3703, A BILL TO PROVIDE INSURANCE RESERVE EQUITY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. RANGEL. Mr. Speaker, on June 24, 1996, I introduced legislation to amend section 832(e) of the Internal Revenue Code to extend the scope of its provisions to financial guaranty insurance generally. Senators D'AMATO and MOYNIHAN recently introduced a companion bill, S. 1106, in the Senate.

Financial guaranty insurance, commonly called bond insurance, is an insurance contract that guarantees timely payment of principal and interest when due on both tax exempt and non-tax exempt bonds. The bond insurance contract generally provides that, in the event of a default by an insured issuer, principal and interest will be paid to the bondholder as originally scheduled.

Internal Revenue Code section 832(e) originally enacted in 1967, applied only to mortgage guaranty insurance. At that time, Congress permitted mortgage guaranty insurance companies to take a deduction for certain extremely high contingency loss reserve requirements imposed by State regulatory authorities, provided that they invested the income tax savings associated with such a deduction in non-interest-bearing tax and loss bonds issued by the Federal Government. Since such bonds are treated as an asset by the State regulatory authorities, this relieves the companies from the substantial cash-flow and impairment of capital problems that they would otherwise face if the deduction was not allowed. At the same time however, since bonds do not bear any interest, the economic position of the Federal Government remains the same had not the deduction been permitted first.

When the State authorities applied the same reserve requirements to lease guaranty and municipal bond insurance, Congress amended Internal Revenue Code 832(e) in 1974 and applied it to such insurance as well.

State authorities now apply such contingency reserve requirements to financial guaranty insurance generally, including non-tax-exempt debt, such as asset-backed securities, which are a growing segment of the bond insurance market. Therefore, consistent with the reasons why it was originally adopted in 1967, and amended in 1974, IRC section 832(e) should be amended again to apply to such insurance.

The superintendent of insurance for the State of New York, Edward J. Muhl, has urged enactment of this legislation. A copy of his letter follows these remarks. I understand that the insurance commissioner of the State of California has written a similar letter to Members of the California delegation. I invite all concerned to join me in cosponsoring this legislation.

STATE OF NEW YORK
INSURANCE DEPARTMENT,
New York, NY, November 9, 1995.

Hon. CHARLES B. RANGEL,
U.S. House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN RANGEL: I write to seek your support of S. 1106, a bill introduced

by Senators D'Amato and Moynihan, to amend section 832(e) of the Internal Revenue Code of 1986 to apply to financial guaranty insurance generally. Under present law, the tax and loss bonds provisions thereof are applicable to mortgage guaranty, lease guaranty, and tax-exempt bond insurance but are not applicable to insurance of other taxable debt instruments, a growing segment of the financial guaranty insurance business.

Article 69 of the New York Insurance Law, which governs financial guaranty insurance corporations, was enacted on May 14, 1989. Article 69 establishes contingency reserve requirements in respect of all financial guaranty insurance corporations where in the past these requirements only applied to insurers of municipal obligations.

In formulating this new legislation and establishing contingency reserve requirements applicable to all financial guaranty insurance corporations, there was no intention to create a disparity between insurers of taxable and tax-exempt obligations in respect of their ability to invest in tax and loss bonds. Section 6903(a)(7) of Article 69 provides that ''any insurer providing financial guaranty insurance may invest the contingency reserve in tax and loss bonds purchased pursuant to Section 832(e) of the Internal Revenue Code (or any successor provision) only to the extent of the tax savings resulting from the deduction for federal income tax purposes of a sum equal to the annual contributions to the contingency reserve.'' This provision of Article 69 expressly contemplates that all financial guaranty insurers would be entitled to benefit from an investment in tax and loss bonds within the limitations provided by the insurance law.

S. 1106 eliminates the disparate treatment of insured mortgages, leases and tax exempt bonds, on the one hand, and of other insured taxable bonds, on the other, which the provisions of IRC section 832(e) now create. Your efforts to secure enactment of the proposal will be most appreciated.

Very truly yours,

EDWARD J. MUHL,
Superintendent of Insurance.

THE ELECTRIC POWER COMPETITION AND CONSUMER CHOICE ACT OF 1996

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. MARKEY. Mr. Speaker, today I am introducing legislation aimed at promoting competition in the electric utility industry. This legislation seeks to create Federal incentives for removal of existing State-level barriers to full competition and consumer choice in electricity generation.

Today, the generation, transmission, and distribution of electricity remains largely a monopoly enterprise. The monopoly nature of this industry has, in turn, necessitated a very strict system of Federal and State utility regulation aimed at protecting captive utility ratepayers from potential overcharges, abuses and conflicts of interest. Today, however, we are now at a crossroads. We now have an historic opportunity to bring full competition to the business of electricity generation. The transition to such a competitive market, however, will require both Federal and State action.

Electricity restructuring legislation at the Federal or State level should be aimed at demonopolizing the electric power industry, not simply deregulating it. There is now no reason why electricity generation should remain a monopoly business, and no reason why consumers should not be free to choose their power supplier, just as they now can choose between rival phone companies. Our objective must be to create a competitive marketplace where many sellers and many buyers can come together. In some cases, this may mean getting rid of old utility regulations that no longer are needed because their purpose can now be achieved through reliance on market forces. In other cases, it may mean preserving existing rules where necessary to respond to those aspects of the industry which remain a monopoly, such as distribution of electricity over local power lines. But restructuring also means Congress will have to enact some new rules that assure the benefits of competition—lower prices and consumer choice—are not effectively undermined by anticompetitive practices by recovering utility monopolists who fall off the competition wagon.

Earlier this year, I introduced H.R. 2929, the Electric Power Competition Act of 1996 to advance the goal of electric utility demonopolization. That bill linked repeal of the mandatory power purchase provisions of PURPA to State action to open up full retail competition. This would be achieved either through utility divestiture of powerplants or by State approval of a so-called retail wheeling plans that would allow consumers to buy power from competing generating companies that would be granted nondiscriminatory access to utility power lines. In order to preserve environmentally sound renewable energy sources, energy conservation programs, and low-income consumer protections, H.R. 2929 also requires the States to certify they have met certain minimum standards in each of these areas in order to qualify for relief from PURPA. Finally, to promote a fully competitive marketplace, certain exemptions which electric utilities currently enjoy from the Federal antitrust laws would be repealed.

At the time I introduced H.R. 2929 and in subsequent hearings before the Energy and Power Subcommittee I noted that in addition to these reforms, electric utility restructuring legislation also must address the risks that electric utility mergers, utility market power, or utility diversification into new lines of business might harm electricity consumers or undermine the emergence of a fully competitive electricity generation market. The legislation I am introducing today addresses each of these critical areas and should be viewed as the companion bill to H.R. 2929. The bill requires each State to initiate a retail competition rulemaking proceeding pursuant to certain Federal standards; repeals PUHCA for those electric utility holding companies whose service territories have been opened up to full retail competition and met minimum standards for renewables, efficiency, and low-income consumer protections; and gives FERC and the States enhanced authority to oversee mergers and acquisitions to protect consumers from transactions that are inconsistent with effective competition in electricity markets or would increase electricity prices.

It also gives FERC and the States authority to regulate utility market power to guard against anticompetitive practices; grants FERC and the States authority over electric utility interaffiliate transactions to guard against cross-subsidization or self-dealing; directs FERC to establish regional transmission markets to assure functionally efficient and nondiscriminatory transmission and prevent pancaking of rates; and, assures FERC and State regulators have full access to electric utility books and records.

It is important to keep in mind that Congress enacted PUHCA 60 years ago in response to the myriad of anticonsumer abuses that occurred during the initial growth of the electric utility industry. These abuses included the creation of complex utility holding companies not readily susceptible to effective State regulation, cross-subsidization, self-dealing, and other abuses, and blatantly anticompetitive practices and activities. While much has changed in the electric power business since PUHCA was enacted in 1935, even in a restructured electricity industry, Congress must be concerned about the potential for a recurrence of such abuses. For example, utilities who control generation, transmission, and distribution assets might still engage in self-dealing transactions among their affiliates, cross-subsidize unregulated business ventures at the expense of the captive consumers in their monopoly transmission or distribution businesses, or exploit their substantial market power to impede the growth of effective competition. Moreover, the accelerating pace of utility mergers threatens to create giant mega-utilities that could dominate regional electricity markets and effectively bar other entrants from vying for customers.

Comprehensive electricity restructuring legislation must address each of these potential threats to the development of a competitive electric generation market. I intend for the reform proposals contained in this legislation to be considered as part of any comprehensive electricity legislation that moves through the Commerce Committee, and I look forward to working with my colleagues on a bipartisan basis to secure their enactment into law.

THOU SHALT NOT BEAR FALSE WITNESS AGAINST THY NEIGHBOR

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

Mr. JACOBS. Mr. Speaker, I insert a July 29, 1966, letter to the editor of the Indianapolis Star and a July 1, 1996, article from the Indianapolis News.

Among the Ten Commandments of God Almighty is this: ''Thou shalt not bear false witness against thy neighbor.''

Of course the repulsive concept has garnered different terms through the years—slander, libel, perjury, smear, vicious gossip, mudslinging, character assassination, gutter tactics, McCarthyism, the politics of personal attack, uncivilized, and indecent. How about primitive? In the 81st Congress my father said, ''The extremists thought they had President Truman in '48 and ever since they have been going around like a mad dog whose victim escaped.''

And in defining the difference between the two major political parties, President Lyndon Johnson said, ''We don't hate their Presidents.'' Perhaps a paraphrase is in order, to wit: We don't hate their Presidents' wives.