

contracting system, which in turn leads to an increase in costs for necessary goods and services paid for by the American taxpayer.

This unfair contract bundling is corrected by the legislation before you today. In addition to maintaining the integrity of the procurement reforms passed last Congress and earlier this Congress, the bill directs agencies to avoid unnecessary agency contract consolidations. Removing these inappropriate consolidations ensures that more small business will compete for Federal contracts.

This protective measure loudly echoes this Congress's support for the counsel, assistance and protection of our Nation's job creators—small business. By supporting this measure my colleagues will join me in my efforts to support both an efficient and openly competitive Federal procurement system.

#### TECHNICAL CORRECTIONS AND MISCELLANEOUS AMENDMENTS TO TRADE LAWS

SPEECH OF

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, July 30, 1996*

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in support of H.R. 3815, a bill to make technical and miscellaneous changes to our trade laws. In particular, I want to call attention to a very important section of the bill which is necessary to provide clear direction to the Customs Service, preventing it from improperly administering country of origin rules. Section 30 of the bill is intended to prevent the Customs Service from proceeding with any action that would change the status quo for the rules of origin governing the American hand tool industry.

Section 30 of the bill represents the Ways and Means Committee's concern that Customs is attempting to significantly change longstanding rules of origin on which American manufacturers have relied, without authorization from Congress. First, the contention by Customs that a 1992 decision by the U.S. Court of International Trade in the National Hand Tool case, which upheld a determination by Customs that specific articles were not "substantially transformed," directed Customs to abrogate prior determinations for different products involving different domestic processing is not supported by the decision of the presiding judge. Given the record in the National Hand Tool case, the Government's contemporaneous arguments, and the court's silence as to any intent to overturn precedent, no weight or credibility can be given to the present contention by Customs that National Hand Tool changed the law and now mandates the revocation of the long-standing ruling letters for hand tools manufactured in the United States from imported metal forgings. Second, Customs' proposal to apply a tariff-shift standard to supplant the traditional case-by-case substantial transformation test which follows the time-tested judicial interpretation of the marking statute and its criteria of changes in name, character, or use has not been authorized by Congress. On July 8, 1996, the U.S. Court of International Trade ruled that in attempting to overrule or abrogate the substantial transformation test Customs "con-

travenes Congressional intent, exceeds Customs' authority to promulgate regulations . . . and therefore is arbitrary and . . . not in accordance with law."

Section 30 of H.R. 3815 is a bipartisan approach adopted unanimously by the committee after extensive debate. It would impose a 1-year moratorium on any actions by the administration to revoke administrative ruling letters in effect on July 17, 1996. Additionally, it would require the Secretary of the Treasury, prior to issuing any significant policy change to the rules of origin, to consult with interested parties, and report to the congressional committees of jurisdiction the rationale for the proposed policy change. Under section 30, a proposal to revoke longstanding ruling letters relied on by hand tool manufacturers at least since the early 1980's, would constitute a significant policy change.

The moratorium will provide a period for the committees of jurisdiction to review, study and determine the appropriate rules of origin for hand tools manufactured in the United States from imported forgings. The required consultation with the Congress upon the expiration of the moratorium is an added precaution to ensure that no policy changes are implemented by administrative action that amount to abrogation of longstanding court rulings and Congressional intent. Finally, the moratorium will provide time for the WTO working group on the harmonization of rules of origin to continue their work without interim changes by the Customs Service that may be disruptive to and have potentially profound adverse impact on American hand tool manufacturers and other manufacturing sectors of our economy.

At this point, I would also like to submit the following letter from the Joint Industry Group [JIG], a coalition of over 100 companies and associations of importers who have also expressed concerns regarding origin rules.

THE JOINT INDUSTRY GROUP,  
Washington, DC, May 15, 1996.

Hon. ROBERT E. RUBIN,  
Secretary of the Treasury, Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY: Earlier this year, Deputy Secretary Summers advised Congressman Crane that the Customs Service had been instructed to withhold publication of a final rule that would have extended Part 102 of the Customs Regulations (NAFTA Annex 311 Rules of Origin) to trade with all countries. The Joint Industry Group (JIG) is a coalition of over 100 companies, associations and firms that represent billions of dollars annually in trade. Therefore, as importers and associations of importers that would have been badly damaged had those rules gone into effect, we were pleased by and fully supported that decision.

There now appears to be a concerted effort underway, sponsored by a small group of manufacturers calling itself the American Hand Tool Coalition, to gain a competitive advantage by having the Treasury Department reverse its position. The implications of applying Part 102 to all trade are very broad and potentially unsettling.

The proponents of such action suggest that the Treasury Department could limit it to a specific product, but adoption of rules under Part 102 on a piecemeal basis would be bad policy and set a disastrous precedent. To do so would inevitably lead to an endless succession of changes and or exceptions and a proliferation of different origin rules for different industries. Similar problems previously occurred when Customs first implemented regulations in 1985 which nominally

applied to textile products, but the principles of which have been extended on a piecemeal basis to all other commodities. From a practical standpoint, it would be virtually impossible to adopt any segment of Part 102 without also adopting the Part's general interpretative rules, many of which are unsatisfactory and result in an unwarranted departure from existing law.

We respectfully ask the Department to abide by its commitment not to publish the rule that would extend Part 102 to trade from all countries other than our NAFTA partners, Canada and Mexico.

Sincerely,

EVELYN SUAREZ,  
Chairperson,  
Rules of Origin Committee.

#### GIVE LAW ENFORCEMENT THE TOOLS THEY NEED TO FIGHT TERRORISM

HON. VICTOR O. FRAZER

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 31, 1996*

Mr. FRAZER. Mr. Speaker, I rise today to urge my colleagues to pass anti-terrorism legislation requiring the manufacturers of explosives to include chemical markers and smokeless powders.

The American people elected us to this body to do our job. Which is to pass legislation that is in the best interest of this country, not interest of a group of owners. It is time to do our job.

During the 104th Congress we have seen the bombing of a Federal building in Oklahoma City which caused the death of 170 people, the standoff between Federal law enforcement officials and the Freeman group in Montana.

Today, the American people are outraged by TWA flight 800 and the Atlanta Centennial Park bombing. The people of the Virgin Islands lost a loved one on TWA flight 800, which was a personal loss to me.

Mr. Speaker, we have a role to play, which is to pass legislation that will give law enforcement the tools that they need to fight terrorism.

#### INCENTIVES FOR AGRICULTURE

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 31, 1996*

Mr. THOMAS. Mr. Speaker, 1 million acres of farmland in the United States will be eaten up by parking lots, freeways, and suburban growth this year. In fact, within the hour, one acre of precious farmland in the Central Valley of California will be taken out of production.

The Central Valley of California currently produces over \$13 billion in agriculture produce and feeds millions in the United States and around the world. Farmland in areas surrounding cities is being displaced by urban development at one of the fastest rates in history and for this reason our farmers have been placed under new pressures. A time can be foreseen in which an area like the Central Valley may not even be capable of feeding itself because of urban outgrowth.

When the great cities of our country were settled, they were developed near rich agricultural land to assure an adequate food supply. As urban areas continued to sprawl, many fertile acres were consumed and many more were placed at risk. Over the past 10 years, urban sprawl has eaten up over 26 million acres of productive farmland: an area the size of Kentucky has been displaced by urban development. Most of the farmland lost in the country has been located in urban influenced counties—where the density is at least 25 persons per square mile. A recent study by the American Farmland Trust estimated that the farmland in the urban influenced counties was 2.7 times more productive than the remaining U.S. counties. Eighty seven percent of our domestic fruit and nut production is also grown in these threatened counties.

Every citizen should be concerned with a secure U.S. food supply and preservation of productive lands because the loss of farmland affects more than family farmers. Others affected by the land loss include the large agriculture support sector that ranges from fertilizer and equipment suppliers to fruit and vegetable processors. The general public could also face grocery counters half-full of not so fresh, costly produce imported from around the world. Agriculture is a basic and fundamental part of life from the food we eat to the clothes we wear. It is important that during times of fast growth we take a closer look at how our land is being used and how we can protect those that are being displaced by the urban community.

Farming has been placed under new pressures that are coupled with the rising costs of this capital intensive business. For example, farmers putting in a wine grape vineyard will encounter 4 years development costs over \$17,000 dollars per acre above the land acquisition costs. Pistachio farmers should expect at least \$7,000 dollars in preproductive costs per acre and olive growers \$5,000 dollars an acre. These costs could literally double or triple dependent on the value of the land.

Aside from the high start up costs of crops such as orchards and vineyards U.S. farm real estate values also continue to rise. According to statistics compiled by the U.S. Department of Agriculture the value of U.S. farm real estate has risen 6.4 percent over the past year to \$832 per acre. This \$832 figure may be rising, but it still does not nearly reflect the cost of acquiring a prime piece of farmland in highly productive, urban-influenced states like California and Florida. An average piece of farmland in California and Florida is worth over \$2,000 and can be worth as much as \$17,000.

Along with high costs farmers continue to be plagued with storms, disease, and pests that destroy many acres of orchards and vineyards annually. Some of this costly acreage has not even reached a productive state. Crops like tangerines and cherries can take 5 to 6 years to reach productivity. In a natural disaster a farmer with a crop in a preproductive state may have trouble sustaining large losses because he does not have a return on his investment. Most farmers do not realize an actual profit for many years after a productive state is achieved. Natural disasters particularly impact small family farms that already have a small profit margin.

As a witness to the rate of urbanization in my own district, I have developed two incentives that would amend the 1986 tax code and

keep families in farming and land in rural uses. I recently introduced H.R. 3749 to amend the tax code to promote replacement of crops destroyed by casualty. This bill will provide an incentive to replant by allowing them to deduct the cost of replanting their destroyed crop in the event of freezing temperatures, disease, drought, or pests, all events that cannot be controlled. It allows farmers to deduct the costs of replacing key infrastructure.

I have also introduced H.R. 520 to make it easier to transfer farms from generation to generation. According to the U.S. Department of Agriculture the average size farm in the United States is 469 acres. The land alone of an average farm in California is worth over \$1 million and can be worth as much as \$8 million on prime farm land. These numbers are the primary reasons that I have introduced H.R. 520 to double the current maximum benefit under the estate tax special valuation deduction. A farmer can be worth millions in terms of acreage but that does not necessarily mean that there is cash to pay estate taxes, or—during his life—other unexpected costs. This results in many farmers splitting their land up into parcels and selling out to developers just in order to cover their costs.

Current tax law that allows for \$750,000 in maximum benefits is outdated in accordance to the cost of farming today. After you figure in the value of crops, irrigation systems, improvements (buildings, etc.), and equipment, the value of today's farm may be worth almost twice as much. The bills procection of \$1,500,000 would allow for more continuity in farm acreage when transferring land between generations, avoiding the need for families to split up their land to pay off the estate tax.

Prime agriculture land is being authorized as we speak. Providing these small incentives to America's farmer would encourage families to stay in farming and secure an abundant food supply for the 21st century.

#### TRIBUTE TO VFW POST 8162 OF NASSAU, NEW YORK

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 31, 1996*

Mr. SOLOMON. Mr. Speaker, as you know, one group I have a particular admiration for is our veterans. It was one of the reasons I asked for a seat on the Veterans' affairs Committee in my first term, and it's one of the reasons I fought so hard to have the Veterans Administration elevated to a full, cabinet-level department.

And one group was always right beside me in such efforts, Veterans of Foreign Wars. I can think of no group that has done more to promote the interests of our Nation's veterans. Today, I'd like to single out one VFW post, a very special one which is typical of VFW posts across the country.

VFW Post 8162 of Nassau, NY is celebrating its 50th anniversary this year. Think of that, Mr. Speaker. It's first members were, of course, the boys just returning from Europe and the Pacific and every other theater of World War II. Then, in the early 1950's, they were joined by veterans from the Korean war. In another 15 years, the veterans of the Viet-

nam War arrived on the scene. And finally, in this decade, we've seen those who served in the Persian Gulf join their older comrades.

From its beginning, Post 8162 was made up of citizen heroes, who left their homes and loved ones to undergo incredible hardships and sacrifices, including the supreme sacrifice, in defense of our freedoms. But the majority survived to return home, complete their educations, find jobs, raise families, and become the most respected members of their communities.

I've met many of the members of Post 8162. I was thinking of them and of other veterans like them when Ronald Reagan signed into law my measure making the Veterans Administration a cabinet department in 1988. With that signature, we made sure the interests of veterans would always have the ear of the U.S. President.

It is to those same interests that Post 8162 has so faithfully applied itself for 50 years, since that first beginning on August 12, 1946.

Mr. Speaker, I ask you and all members to join me in a special salute to VFW Post 8162 of Nassau, NY, as it celebrates its 50th year.

#### OUTSTANDING HIGH SCHOOL SENIORS

HON. STEVEN SCHIFF

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 31, 1996*

Mr. SCHIFF. Mr. Speaker, I rise today to honor the following graduating high school students from the First Congressional District of New Mexico who have been awarded to the Congressional Certificate of Merit.

#### CERTIFICATE OF MERIT AWARD WINNERS 1996

Albuquerque Evening High School, Vera Lujan; Albuquerque High School, Monica Becerra; Bernalillo High School, Lance Darnell; Cibola High School, Jessica Shaw; Del Norte High School, Kathryn Gruchalla; Eldorado High School, Karli Massey, Matt Kaiser; Estancia High School, Wayne Davidson; Evangel Christian Academy, Jonathon E. Rael; Highland High School, Kelly Shannon McCormick; La Cueva High School, Tracy Carpenter; Los Lunas High School, Nicole J. Nagy; Menaul High School, Adam Cherry; Mountainair High School, Jessica Quintana; Rio Grande High School, Robert C. Coleman; Sandia High School, Krista Madril; Sandia Preparatory School, Anne Elizabeth Mannal; High School, St. Pius X High School, Autumn Nicole Grady, Laura C. Miner; Valley High School, Matthew Tennison; and West Mesa, Shane Gutierrez.

It is my pleasure to recognize these outstanding students for their academic and leadership accomplishments as well as for their participation in school, community service, and civil activities.

#### CAMPAIGN FINANCE REFORM ACT OF 1996

SPEECH OF

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 25, 1996*

Mr. KOLBE. Mr. Speaker, I rise in strong support of H.R. 3820, the Campaign Finance