

in greenhouse gases and press for Senate approval of conventions on biodiversity and the Law of the Sea. Working closely with the Vice President, I have also focused on how we can make greater use of environmental initiatives to promote larger strategic and economic goals. That means, for example, encouraging joint water projects in the Middle East, increasing environmental cooperation with our global partners, and helping our environmental industries capture a larger share of a \$400 billion global market.

The third element of our agenda is to build on the economic achievements that will be a lasting legacy of the Clinton Administration. President Clinton's personal leadership on NAFTA, the Uruguay Round, APEC and the Summit of the Americas, has made the United States the hub of an increasingly open global trading system. This year, our watchword is implementation—making sure that the trade commitments and agreements we have reached produce concrete opportunities so that American companies and workers can compete abroad on a level playing field. In the Asia-Pacific region through APEC, with the European Union through the Transatlantic Marketplace, and in this Hemisphere through the Miami process, we are removing barriers to trade and investment and opening markets for U.S. exports. We also remain committed to obtaining fast-track authority to negotiate Chile's accession to NAFTA.

As this presidential election year begins, we are hearing once again from those who preach the dangerous gospel of protection and isolation. America and the world went down that road in 1930s—and our mistake fueled the Great Depression and helped set the stage for the Second World War. Shutting America off from the world would be just as reckless today as it was six decades ago. As President Clinton said at the beginning of his Administration, "we must compete, not retreat."

Ladies and gentlemen, everywhere I go, I find that the nations of the world look to America as a source of principled and reliable leadership. They see American soldiers bridging rivers and moving mountains to help peace take hold in Bosnia. They see us working for peace in the Middle East and for security in Korea. They see us negotiating trade agreements so that every nation can find reward in emerging markets. They see the most powerful nation on earth standing up for persecuted peoples everywhere, because we believe it is right and because those who struggle for freedom represent the future.

The world sees us as an optimistic people, motivated by a broad view of our interests and driven by a long view of our potential. They follow us because they understand that America's fight for peace and freedom is the world's fight. At the end of the American century, President Clinton is determined that we continue to act in the highest traditions of our nation and our people.

The President's answer to the voices of isolationism is clear. We can no more isolate our nation from the world than we can isolate our families from our neighborhoods, or our neighborhoods from our cities. As a global power with global interests, retreat is not a responsible option for the United States. We must continue to lead. If we do, the end of this millennium can mark the start of a second American century.

## A BILL TO PROVIDE SIMILAR TAX TREATMENT FOR SECTION 501(C)(3) BONDS AS THAT PROVIDED TO GOVERNMENT BONDS

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1996

Mr. HOUGHTON. Mr. Speaker, I am pleased to join my colleague from California, Mr. MATSUI, as well as a number of other colleagues, in introducing the Nonprofit Organizations Tax-Exempt Bond Reform Act of 1996. This is an important piece of bipartisan legislation that would help solve a problem that has been growing since the law was changed in 1986. Basically, the problem is one where a number of section 501(c)(3) organizations are now at the \$150 million limit on outstanding bonds. The limit was established by the 1986 Tax Reform Act. The proposed legislation would remove this cap and allow bonds issued by 501(c)(3) organizations to be treated similarly to those issued to finance direct State or local government activities—as they were permitted to do before the 1986 change. Similar corrective legislation has been considered and/or passed by prior Congresses, although not to the point of being enacted into law.

The concept of an exempt person, that existed under the Code bond provisions before 1986, would be reenacted. An exempt person would be defined as first, a State or local governmental unit or second, a section 501(c)(3) organization, when carrying out its exempt activities under section 501(a). Thus, bonds for section 501(c)(3) organizations would no longer be classified as private activity bonds. Financing for unrelated business activities of such organizations would continue to be treated as a private business use for which tax-exempt financing is not authorized.

As exempt persons, section 501(c)(3) organizations would be subject to the same limits as State and local governments on using their bond proceeds to finance private business activities or to make private loans. Additional restrictions on the bonds issued by such organizations would be repealed. The bill would make no amendments, other than technical conforming amendments, to the present-law arbitrage restrictions, the alternative minimum tax-exempt bond preference, or the provisions generally disallowing interest paid by banks and other financial institutions on amounts used to acquire or carry tax-exempt bonds.

The principal beneficiaries of the bill would be private, nonprofit colleges and universities. These institutions provide substantially identical educational services to those provided by governmental higher education institutions. In order to have a consistent tax policy of providing like treatment for similarly situated persons, the tax-exempt bond rules should provide comparable access to tax-exempt financing for these entities.

The main provision in the proposed legislation is to remove the \$150 million per-institution limit on outstanding nonhospital qualified 501(c)(3) tax-exempt bonds. This provision was intended as a limit on tax arbitrage of college and university endowments. Other present-law tax-exempt bond restrictions for example, the arbitrage rebate requirement and public approval, bond maturity, hedge bond, and advance refunding restrictions, adequately

address this concern. In addition, the concern that private colleges and universities engage in tax arbitrage of their endowments reflects a misunderstanding of the restrictions governing endowments. Most State laws prohibit depletion of endowment corpus. Further, approximately 65 percent of endowment funds nationally is subject to donor-imposed restrictions on the uses for which even the income may be used.

Finally, the other beneficiary would be nonprofit health care providers who are also subject to the \$150 million cap. A growing number of health care providers are delivering medical services in a cost-effective manner outside of the hospital setting. Yet, providers like community health clinics, skilled nursing facilities, and ambulatory care facilities are limited by the \$150 million cap per institution in outstanding tax-exempt bonds. Also, as alternative health care facilities and hospitals form integrated health care delivery systems, the cap hinders the consolidation of these entities. The cap actually acts as a barrier to these mergers, because after a merger there would be a single \$150 million limit.

The proposed legislation generally would apply to bonds issued after the date of enactment.

We welcome the support of our colleagues in cosponsoring this important legislation.

## INTRODUCTION OF THE NON-PROFIT ORGANIZATIONS TAX-EXEMPT BOND ACT OF 1996

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1996

Mr. MATSUI. Mr. Speaker, I am pleased to join with my good friend from New York, Congressman HOUGHTON, in the reintroduction of this important legislation. This bill will remove the \$150 million limit on outstanding bonds that can be issued by 501(c)(3) nonprofit organizations and will allow bonds issued by 501(c)(3) organizations to be treated similarly to those issued to finance direct State or local government activities.

Nonprofit organizations such as colleges and health care providers have traditionally used tax-exempt financing for the construction, renovation, and modernization of facilities used for activities related to the nonprofit's mission. Prior to the 1986 Tax Reform Act, this financing was generally available to all qualified 501(c)(3) organizations in recognition of the public purpose they serve.

Placing a \$150 million cap on these nonprofits has had unintended and unforeseen consequences. For example, the restriction on tax-exempt financing has prevented private colleges and universities from improving their educational facilities and research capabilities. Currently, the capital renewal and replacement needs of colleges and universities exceed \$60 billion of which one-third is urgently needed for repairs and renovation. The National Science Foundation has reported that for every \$1 spent to maintain research facilities, an additional \$3.50 was deferred. Our Nation needs to improve its educational and research facilities given that our work force and businesses must compete in an everchanging global economy.

Health care providers are also subject to the \$150 million cap. A growing number of health care providers are delivering medical services in a cost-effective manner outside of the hospital setting. Yet, providers like community health clinics, skilled nursing facilities, and ambulatory care facilities are limited by the \$150 million cap per institution in outstanding tax-exempt bonds.

Additionally, as alternative health care facilities and hospitals form integrated health care delivery systems, the \$150 million cap hinders the consolidation of these entities. The cap actually acts as a barrier to these mergers. After a merger, the surviving institutions would have a single, \$150 million limit.

Any bond issuance which exceeded this limit could become taxable retroactively to their date of issuance, an event that would constitute a default under the typical covenants governing nonhospital 501(c)(3) bonds.

I have sponsored or cosponsored similar legislation in past Congresses but I remain hopeful that with the bipartisan support the legislation enjoys that it can move forward in this Congress.

#### VICTORY IN THE PACIFIC TRIBUTE

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 23, 1996*

Mr. DORNAN. Mr. Speaker, I rise today to pay an overdue tribute to the organizers of the Victory in the Pacific ceremony, which was held in Orange County's Pacific Amphitheatre on August 17, 1995.

Orange County is home to some 60,000 veterans of one of the most noble and horrible conflicts, the Second World War. No doubt a large portion of these heroes saw action in the Pacific theater of operations, fighting against the tyranny of imperial Japan. On August 17 of last year, they came together in solemn remembrance of the battles, campaigns, and final victory of half a century ago.

Mr. Speaker, I was unfortunately unable to attend this historic event. However, I was lucky enough to be presented with an honorary program, as well as a news article from the August 25, 1995, issue of *Flight Jacket*, a newspaper published by my Semper-Fi neighbors at Marine Corps Air Station, El Toro. In order to describe this event in the detail it deserves, I ask unanimous consent to enter this article into the RECORD.

Finally, Mr. Speaker, I wish to pay special tribute to the men and women who put together this fine event, especially those members of the Orange County Veterans Advisory Council, chaired by William C. Manes, and the Victory in the Pacific Committee, chaired by Hal Camp. They have done an outstanding service, not only to our World War II heroes, but to all Americans who have ever worn the uniform of our armed services. God willing, we will never take our freedom for granted, because events like this will always remind us of the terrible price we as a nation have paid in the past, and may be asked to pay in the future, in order to ensure our liberty. We will never forget those who fought for freedom, for without them, we as a people would simply not exist.

#### CELEBRATING THE 50TH ANNIVERSARY OF THE VICTORY IN THE PACIFIC

(By Sgt. Matthew B. Fitzgerald)

COSTA MESA, CA.—Veterans, active duty servicemembers, civilians and their family members celebrated America's 50th Anniversary Remembrance of World War II, "Victory in the Pacific," at the Orange County Pacific Amphitheater here Aug. 17.

There are approximately three million veterans in California. About one-third of these veterans, approximately 832,000 Californians, are veterans of WWII—many of whom participated in operations in the Pacific Theater, according to retired Marine Col. Jay R. Vargas, director, Department of Veterans Affairs, California.

"Sixty-three thousand citizens of Orange County served in uniform during World War II," he said.

"This celebration honors the contributions of those men and women, not only in the war, but also and perhaps more importantly, in the post-war period. It is also the result of the hard work they contributed to building peace and prosperity upon their return from the war's battlefields," said Col. Vargas.

Colonel Vargas, who received the Medal of Honor for action in Vietnam, represented Governor Pete Wilson. The Governor proclaimed 1995 as the "Year of the Veteran" in California.

Six guest speakers gave eulogies remembering the six military leaders of the Pacific campaigns. Two of the Pacific commanders honored were Marine Gen. Holland M. Smith, by MGen. Paul A. Fratarangelo, commander, Marine Corps Air Bases, Western Area, and Army Gen. Douglas MacArthur, by Army MGen. Robert A. Lame, commanding general 63rd Army, Reserve Command.

"Holland McTyre Smith, the epitome of the warrior-Marine, never closed his eyes very long. As 'The Father of Modern Amphibious Warfare,' his eyes, always blazing with the guts and fire of success (hence the name 'Mad'), saw his Marines to victory in the Pacific during World War II," said MGen. Fratarangelo.

Major Gen. Fratarangelo said it was a deep honor for him to be able to share with those who attended the enormous contributions of Gen. Smith to "Corps and country" during World War II.

The day's events also included a wreath-laying ceremony. Thirty-five wreaths in honor of the military leaders were placed on stage by state and national political leaders, military leaders, representatives of the allied governments involved in the Pacific Theater and Medal of Honor recipients from the Pacific Campaigns.

Another honored veteran who attended was Medal of Honor recipient, retired Army Col. Lewis L. Millett, a combat veteran of World War II, Korea and Vietnam.

As company commander of Company E, 27th Infantry Regiment, then Capt. Millett led his 100 men in three days of bayonet assaults against the North Koreans on hill 180, Soam-ni, North of Oson, South Korea, Feb. 4, 5 and 7, 1951.

Colonel Millett told his men, "Fix bayonets and follow me!"

On the third day of fighting, Millett had lost a total of nine of his men, while he and his company had destroyed approximately 157 North Koreans. For these actions, he was awarded the Medal of Honor.

"We had ammo, and when I was charging, I'd be firing, trying to pin the enemy down until I got down in the trenches with them. That's when we used the bayonets," Millett said.

"There were about 20 killed by bayonet alone," he said.

According to Millett, when President Harry S. Truman placed the medal around

his neck, the president told him, "I'd rather have this than be president."

Colonel Millett also received a Silver Star, Bronze Star and four Purple Hearts during his military career.

The Marine Corps Recruit Depot San Diego Band provided the patriotic music for the day. Some of the tunes the band played were the service songs, "Taps," "Stars and Stripes Forever" and the "National Anthem."

"It was good to see veterans still appreciate our country, the lives they lived through the military and share the experiences they have gone through," said LCpl. David B. Amos, tuba player, MCRD Band, MCRD San Diego.

Another guest and veteran who attended was former Army military policeman and bugler first class Fred Hummer, a Fountain Valley, Calif., resident. In 1916, Hummer enlisted in the Army during World War I at the age of 17. He wore a replica of his original WWI Army uniform.

When Hummer enlisted, his recruiter told him that the Army needed buglers, not infantrymen. After joining, Hummer's unit, D Company, 22nd Infantry, was sent to El Paso, Texas, to assist in the capture of Francisco "Pancho" Villa, a Mexican rebel.

Hummer spent the remainder of his four years of service in the Army as a bugler at Fort Huntley, N.Y., according to an Army Times article.

For the past 78 years, Hummer has kept the same bugle and plays for veteran's celebrations and memorials regularly.

One veteran who played the cornet for willing ears was Eugene M. Cianflone. He served as a Machinist Mate 3rd Class with Landing Ship Tanks 274 and participated in the invasions of Kwajalein, Marshall Islands with the 2nd Marine Division, and Saipan, Marianna Islands, with the 4th Marine Division.

"I have been playing for over 65 years, and always for veterans," Cianflone said. "This is the one place where they really appreciate the music," he added.

The impact of the war seemed to leave many profound memories in the hearts and minds of those who served.

"From the grim morning hours of Dec. 7, 1941, until the moment of triumph on Sept. 2, 1945, America and her allies waged a valiant struggle for freedom against the forces of despotism," said Governor Wilson, in a letter to the 50th Anniversary Commemorative Committee. "That struggle was waged across an ocean dotted with places known by the then unfamiliar names of Guadalcanal, Iwo Jima, Saipan, Coral Sea and Bataan. Today, half a century later, those names are synonymous with the valor and sacrifice that are the hallmark of the Second World War."

#### IN APPRECIATION OF ROBERT D. BLONDI

HON. GLENN POSHARD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 23, 1996*

Mr. POSHARD. Mr. Speaker, I rise today to honor Mr. Robert D. Blondi of Benton, IL. He has touched the lives of those in his community through his dedicated service as a businessman, supporter of the Democratic Party and football referee. Due to ill health he has recently left his position with the Community Building Service, and I join his many friends there in extending my thanks and best wishes for his tireless efforts.

Mr. Blondi was born on August 3, 1922. Beginning his career with Immediate Cleaners,