people who have earned them. Let's make sure that farms that have stayed in the family for generations aren't sold off due to a bad tax policy. Let's end the outrageous practice of punishing thrift and financial security. Let's end the bias against savings and capital formation. Let's encourage saving, investment, and sound, life-long financial management which can provide for a family past a single generation. Let's repeal the estate tax and empower our Nation's families.

STATEMENT ON THE INTRODUCTION OF THE SOFTWARE EXPORT EQUITY ACT

HON. JENNIFER DUNN

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Ms. DUNN. Mr. Speaker, on this, the first day of the 105th Congress, I introduce the Software Export Equity Act and urge my colleagues to support its swift enactment. The Software Export Equity Act enjoys tremendous bipartisan support as demonstrated by the members that join me as original cosponsors, Messrs. MATSUI, HERGER, JEFFERSON, CRANE, NEAL of Massachusetts, MCCRERY, MCDERMOTT, ENGLISH of Pennsylvania, and WELLER.

Today, the U.S. software industry is a vital and growing part of the U.S. economy, exporting more than $26 billion worth of software annually. U.S. software companies perform a majority of this development work here in the United States. This measure will do more to ensure the competitivess of the U.S. software industry worldwide than any other single legislative change we can enact.

Congress enacted the FSC rules to assist U.S. exporters in competing with products made in other countries which have more favorable tax rules for exports. The FSC statute was carefully crafted to ensure that only the value-added job creating activity qualified for FSC benefits. When the statute was enacted in 1971, the U.S. software industry did not exist. However, due to a narrow IRS interpretation of the FSC rules, the U.S. software industry is the only U.S. industry that does not generally receive this export incentive. Nearly every other U.S. manufactured product—from airplanes to toothpaste—qualify for FSC benefits. Although the Treasury Department recognized the inconsistency in providing FSC benefits to licenses of films, tapes and records, all industries that were in existence when the law was created, but not to licenses of software, they stated their belief that this problem needed to be addressed in legislation rather than by regulation. Treasury has further stated their strong support for legislation to extend FSC benefits for licenses of computer software.

To illustrate the inequitable IRS interpretation of FSC rules with regard to software exports, suppose we have two CD ROM's—one containing a musical recording, the other containing a multimedia software product that also provides music. If the master of the musical recording is exported with a right to reproduce it overseas, the export qualifies for FSC benefits. If the master of the computer software is exported with a right to reproduce it overseas, the export does not qualify for FSC benefits, a result that makes no sense from either a policy or practical perspective. The ability to export software, accompanied by a right to reproduce that software in the local market, is essential to the way the software industry does business. Denying the benefits of the FSC rules to software exported through established industry distribution networks poses an impediment to the competitiveness of U.S. manufactured software.

The United States is currently the world leader in software development, employing hundreds of thousands of individuals in high-wage, high-skilled U.S. jobs. Much of the expansion of the industry is due to the growth of exports. The software industry, like other U.S. exports, needs FSC benefits to remain competitive and keep U.S. jobs here at home. FSC benefits are extremely important in encouraging small and medium-sized software companies to enter the export market by helping them equalize the cost of exporting. In addition, FSC benefits are needed to help keep high-paying software development jobs in the United States at a time when foreign governments are actively soliciting software companies to move those jobs to their countries. I do not propose any special or unique treatment, nor seek any new or special tax benefit. All that I propose in this measure is fair treatment under existing law.

If the goal of this Congress is to pass legislation promoting economic opportunity and growth in America, then common sense dictates that we enact the Software Export Equity Act.

THE FAIR TRADE OPPORTUNITIES ACT

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1996

Mr. BEREUTER. Mr. Speaker, America's precious trade leverage is being eroded by outdated trade laws which undermine our Government's credibility and provide little incentive for countries to open their markets. These laws desperately need to be revised. Today, I have introduced legislation, the Fair Trade Opportunities Act, which abolishes the MFN trade status process while giving the President of the United States broad but flexible authority to raise tariffs on those countries which are not members of the World Trade Organization or which still prohibit emigration.

American companies and workers deserve the right to compete for markets and consumers throughout the world. They deserve our best effort to pry open foreign markets so they can freely sell their products and services. Bluffing and posturing during Congress' annual MFN process does nothing to help them. Giving countries which are not members of the World Trade Organization a ''free-ride'' to our own markets without reciprocal benefits is not fair to American workers.

The Fair Trade Opportunities Act responds to post-cold war realities by restoring U.S. trade sanction credibility and providing the President with the tools to open foreign markets. It should be considered in the 105th Congress if the U.S. Government hopes to reclaim America's precious trade leverage and give our export companies and workers equitable access to foreign markets.

THE FAIR TRADE OPPORTUNITIES ACT

Introduced by Representative Doug Bereuter (R–NE) on January 7, 1996.—This legislation was introduced in the last few days of the 104th Congress as the Fair Trade Opportunities Act (H.R. 4289). It was slightly modified, and then reintroduced on the first day of the 105th Congress.

Eliminates outdated U.S. trade law distinction between ''market'' and ''nonmarket'' economies and replaces it with a more appropriate distinction in the post-Cold War Era between member and nonmember countries of the World Trade Organization (WTO).—Under current U.S. trade law, market economy countries receive normal tariff status automatically and nomarket economy countries must go through an annual Jackson-Vanik certification process. The Fair Trade Opportunities Act replaces this Cold War Era distinction with two categories of tariffs—normal tariff status for WTO members and potential ''snap-back'' tariffs for non-WTO countries.

Abolishes annual Most-Favored Nation (MFN) process for 17 countries which require annual waiver or certification of compliance with Jackson-Vanik requirements.—The President will no longer have to certify that these 17 countries meet Jackson-Vanik requirements before they are entitled to MFN or normal tariff status. Also, Congress' self-imposed, annual review of the President's certification is eliminated. [Congress retains Constitutional right (Article 1, Section 8) to raise tariffs on any country at any time.]

Abolishes Smoot-Hawley (Column #2) tariffs for all countries except those countries which have not concluded commercial agreements with the United States (i.e. Vietnam).—Realistically, these Smoot-Hawley tariffs are only imposed on pariah, bad-actor states, or countries which do not have commercial agreements with the United States. For political, economic, and domestic commercial reasons, threats to impose Smoot-Hawley tariffs on other countries are hollow and not taken seriously by foreign governments. Despite the rancorous debates in Congress over the extension of MFN to some countries, Congress is also quite unlikely to impose Smoot-Hawley tariffs because of the harm it would inflict on U.S. companies and workers.

Replaces Smoot-Hawley tariffs with broad and flexible Presidential authority to raise tariffs (snap-back) on countries which are not members of WTO.—On a one-time basis and within six-months of the enactment of the legislation, the President is required to determine if non-WTO countries are ''not according adequate trade benefits'' to the United States. If the President makes such a finding, then the President shall impose snap-back tariffs on that country six-months after the determination. In imposing snap-back tariffs, the President has wide discretion to determine both the amount of the tariff and on which categories of products the snap-back tariffs will be imposed. However, under no circumstances can the President exceed the legislation's snap-back tariff ceiling which is the pre-Uruguay round MFN tariff rates, i.e., the Column #1 tariff rates in effect on December 31, 1994.

Enhances United States Trade Representative's negotiating leverage with countries which are not WTO members and provides a strong incentive for those countries to liberalize their trade laws and practices and to improve their WTO accession offers.—Between enactment of the legislation and the President's one-time, six-month determination and twelve-month imposition of snap-back tariffs, this legislation gives those non-WTO countries time to modify their trade regimes so as to give American exporters a fair

chance to compete for consumers in their markets. After the President's determination and imposition of tariffs, the Fair Trade Opportunities Act gives the President the authority to withdraw the snap-back tariffs if that country either joins the WTO or the President certifies that the country is according the United States adequate trade benefits. In addition, the President can modify, but not eliminate, the snap-back tariffs for any reason.

Provides President with discretionary authority to impose snap-back tariffs on countries which unduly restrict emigration.—The legislation's emigration standard which triggers the presidential snap-back authority is identical to the current freedom of emigration language in the Jackson-Vanik law.

Does nothing to change current U.S. sanctions laws with regard to rogue or pariah states such as Cuba, Iran, Iraq, Libya, and North Korea.—Many countries, such as the pariah or bad-actor states, retain normal tariff status with the United States but are prohibited from some or all trading with the United States because of U.S. sanctions laws.

THE FAIR TRADE OPPORTUNITIES ACT

COMMON QUESTIONS REGARDING THE LEGISLATION'S IMPACT ON THE PEOPLE'S REPUBLIC OF CHINA

What is Congressman Bereuter's motivation for the bill?—During the Summer of 1996 in the height of the China Most-Favored Nation (MFN) debate, Congressman Doug Bereuter (R-NE) promised an attempt to ''end [that] futile debate.'' He also vowed to introduce legislation which comprehensively solved the problems created by the MFN process, which with respect to China, he said, only served to damage Sino-American relations. Not long after his statement, Bereuter met with Administration officials and realized that many countries, as well as China, have little or no incentive to become members of the World Trade Organization because they already enjoy full WTO tariff benefits under U.S. MFN law.

Recognizing that other countries, such as the European Union, do not automatically extend MFN benefits to nonmembers of the WTO, Bereuter's legislation attempts to combine both a carrot (the equivalent of permanent MFN, i.e. normal tariff status) and a stick (minor snap-back tariff increases) approach to induce countries into joining the WTO and eventually gaining normal tariff status permanently under U.S. law. This approach steers a delicate middle ground between those who wish to assert America's commercial and foreign policy interests more aggressively and those who believe American interests are best served by engaging countries, such as China and Russia, mutliaterally.

Recognizing that the legislation is not China-specific, how would the Fair Trade Opportunities Act affect China's current trade status and its WTO accession negotiations?—If the Bereuter bill were signed into law, the President of the United States would no longer have to annually certify that China was complying with the Jackson-Vanik law. Likewise, the United States Congress would not have an automatic, expedited procedural mechanism for rejecting any Presidential decision. [Although Congress may, at any time, vote any amount of tariff increases on China because of its Constitutional authority in Article I, Section 8.] In short, the current China MFN process would be abolished.

On a one-time basis and within six-months of the enactment of the legislation, the President would be required to determine if China is ''not according adequate trade benefits'' (defined in existing law) to the United States. If the President makes such a finding, then the President shall impose snap-back tariffs on China six-months after that determination. In imposing snap-back tariffs, the President has wide discretion to determine both the amount of the tariff and on which categories of products the snap-back tariffs will be imposed. However, under no circumstances can the President exceed the legislation's snap-back tariff ceiling which is the pre-Uruguay round MFN tariff rates, i.e., the Column #1 tariff rates in effect on December 31, 1994.

A study by the Congressional Research Service estimates that if the President were to utilize his full snap-back authority on the top 25 Chinese exports to the United States (based on 1995 figures), an additional $325 million in tariff revenue would be generated for the U.S. treasury. (This estimate is not adjusted to reflect any downward demand for the product due to the increased tariff.)

The President would be required to terminate the imposed snap-back tariffs on China on the date China becomes a WTO member or on the date the President determines that China is according adequate trade benefits to the United States, whichever is earlier. The President would also be able to modify the snap-back tariffs for any reason as long as the appropriate congressional committees are notified.

A PLAN TO BOOST SAVINGS AND INVESTMENT

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. MCCOLLUM. Mr. Speaker, I am introducing a bill today which will help all Americans save for their retirement years. It is no secret that our current savings rate is among the lowest in the industrialized world. A low savings rate not only adversely impacts a person's retirement, it does not create much capital available for savings and investment. Without this capital, our economy cannot expand at its optimal rate. It is my hope that this legislation, if enacted, would help correct this problem.

My legislation would do several things. First, it would increase the amount of money one may contribute to an Individual Retirement Account [IRA], from $2,000 to $4,500, and still receive full deductibility. This amount is also indexed to inflation to protect its value from that silent thief of inflation.

This would also remove a disincentive to establishing an IRA, that being the fear that the money will not be available without paying a substantial penalty when you need it. A person with an IRA would be able to make withdrawals, without penalty, for a first home purchase, education expenses, long-term care, financially devastating health care expenses, and during times of unemployment. Furthermore, no taxes would be paid on these withdrawals if they are repaid to the IRA within 5 years.

Current law offers no incentive for many people to establish IRA's. My bill would allow people who do not have access to a defined contribution plan—e.g., a 401(k) plan—to establish a tax-preferred IRA, regardless of their income. The legislation would also encourage the middle class to establish IRA's by raising the income phase-out levels from $25,000—$40,000 for joint filers—to $75,000—$120,000 for joint filers. This will provide not only incentives, but needed tax relief for the middle class. Again, these levels are indexed to inflation.

Turning to 401(k) reforms, currently folks are hit with tax liability when taking their 401(k) benefits as a lump sum when leaving a job even if it is rolled into an IRA. This is not fair. Therefore, under this proposal, people would not be exposed to tax liability if the lump sum distribution is rolled into an IRA within 60 days.

Just as contribution limits have been increased for IRA's in this legislation, they are increased for 401(k) plans as well. The tax-deductible contribution limits would be $20,000—in 1992 dollars—indexed to inflation.

This would also encourage more firms to establish defined contribution plans by injecting some common sense into the law. It would allow firms to meet antidiscrimination requirements as long as they provide equal treatment for all employees and ensure that employees are aware of the company's 401(k) plan. This is truly nondiscriminatory as everyone would be treated the same.

Finally, this proposal would correct some of the serious problems involved with IRA's and 401(k)'s when the beneficiary passes away. As someone who believes the estate tax is inherently unfair, indeed I advocate its abolishment, I feel that IRA and 401(k) assets should be excluded from gross estate calculations. This bill would do that. Furthermore, an IRA that is bequeathed to someone should be treated as the IRA of the person who inherited it. Current law forces the disbursement of the IRA when the deceased would have turned 70½ years old. This would change that pointless provision, allowing the inheritor to hold the money in savings until he or she turns 70½.

Similarly, anyone receiving 401(k) lump sum payments as a result of a death would not have the amount counted as gross income as long as it is rolled into an IRA. That amount would not be counted against the nondeductible IRA limit of $4,500.

Mr. Speaker, I am excited about this legislation. I expect to introduce this legislation again at the beginning of the next Congress and look forward to hearing debate on it. It is absolutely essential that we continue to encourage personal savings and this is certainly a step in the right direction.

PREVENTING GENETIC DISCRIMINATION IN HEALTH INSURANCE

HON. LOUISE McINTOSH SLAUGHTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Ms. SLAUGHTER. Mr. Speaker, I rise today to announce the introduction of comprehensive legislation to prevent genetic discrimination in health insurance, an issue vital to the health of all Americans.

Scientists are making astounding advances almost daily in decoding the secrets of our genes, especially through the contributions of the Human Genome Project. Genes have already been identified for cystic fibrosis, prostate cancer, multiple sclerosis, Huntington's disease, and many other conditions. As chair of the Women's Health Task Force of the