

INTRODUCTION OF LEGISLATION TO CLARIFY THAT FREQUENT FLIER MILEAGE IS NOT TAX- ABLE

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mrs. KENNELLY. Mr. Speaker, I rise today to introduce legislation to clarify that frequent flier mileage is not taxable. I believe that frequent flier miles are not taxable under current law. However, in light of the Internal Revenue Service's position in technical advice memorandum 9547001 and despite the fact that technical advice memoranda only apply to a given taxpayer and set of circumstances, I feel a clarification is necessary.

The technical advice memorandum would require employers that permit employees to use frequent flyer miles for personal trips to report as income on workers' W-2 forms the full cost of plane tickets that led to the accumulation of the frequent flier miles. This simply makes no sense.

This is one of those areas where taxation would raise a myriad of questions for which there is no single correct answer, such as appropriate timing—would miles be taxed when earned or when used; valuation—is a mile earned from a credit card equal to a mile earned by flying a particular airline—what is the correct value of a ticket or a free upgrade in light of the fact that any given flight has a myriad of service classes; segregation—do employees have to try and keep track of which miles were earned for personal travel, which miles were earned for business travel, and which miles are earned from using a credit card, or using a particular long-distance carrier? Taxation of frequent flier miles would only result in mindless complication and paperwork of nightmarish proportions for millions of Americans, the airlines and the Internal Revenue Service. And the Service should realize this.

At a time when over 15 million Americans are enrolled in frequent flier programs and suspicion that the Internal Revenue Code is not fair and needlessly complex is at an all time high, it would be sheer folly for the Service to move in this area. They have opened, closed, and reopened several projects to address the tax treatment of frequent flier miles over the years, all to no avail.

I believe that frequent flier miles are not taxable under current law and should remain that way. My bill would simply explicitly say that frequent flier miles are not taxable. I urge my colleagues' support.

A POINT-OF-LIGHT FOR ALL AMERICANS: SHIRLEY URSULA GRABER

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. OWENS. Mr. Speaker, I rise to honor the memory of Shirley Ursula Graber, an individual who was a committed fighter for racial and gender equality, and social and economic justice. As a social architect, community lead-

er, teacher, and trusted confidant, she harbored a great faith in people, believing that everyone was capable of growth. During her journey in this world, Ms. Graber's unwavering activism influenced many—young and old—to become catalysts of change. Ms. Shirley Ursula Graber is a great Point-of-Light whose citizenship, passion, and accomplishments should be saluted as a source of inspiration for all Americans.

From her college days to age 72 when she succumbed to a grave illness, Shirley Graber's principles were placed strategically into action. She was copresident of Brooklyn NOW—National Organization for Women—and executive board member of Brooklyn OWL—Older Women's League. At Brooklyn NOW, she led just a handful of dedicated women to prevent the dissolution of the chapter in the early 1990's. Consequently, the chapter was brought to new heights of activism and political awareness, and is now 350 members strong with a solid core of active advocates. At Brooklyn OWL, Ms. Graber influenced the focus and success of the 250-member chapter in its advocacy of issues especially significant to women in their golden years.

Shirley Graber always recognized and attacked any person, effort or idea that threatened the social condition of women. She spearheaded the formation and served as Chair of the Coalition to Save the Brooklyn College Women's Center. This union of women's organizations in Brooklyn fought to save the oldest women's center in New York State that had been threatened with extinction by budget cuts.

Ms. Graber thoroughly appreciated the historical transformation of women's rights in America. She was dedicated to completing this transformation and furthering such rights. For example, Ms. Graber possessed a fervent core belief in the need for an equal rights amendment to the U.S. Constitution. In honor of her ideas and endeavors, she received the New York State NOW Woman to Woman Award. A plaque in her honor is also scheduled for installation in the Women's Hall of Fame at Seneca Falls, NY—the birthplace of the U.S. women's suffrage movement.

Shirley Graber was the daughter of a steel mill union organizer and a strong-minded mother, who in her 90's is still an outspoken community and women's rights advocate. A resident of Brooklyn, NY, Ms. Graber was born in Cleveland, OH and moved to New York in 1948 to attend graduate school. She first attended Ursuline College in Ohio, the first member of her family to obtain a post-secondary education.

As evidenced in her life activities, it is difficult to determine where Ms. Graber's professional, civic, and personal life began and ended. The fervor and skill with which she carried out her work as teacher, organizer, and counselor were inextricably connected to her larger goals of equality and justice for all. Consistently, she not only uplifted her community and her gender, but she improved the quality of life for everyone. A consummate team player, pillar of support, and unifying force behind numerous noteworthy efforts, Shirley Ursula Graber is a great Point-of-Light for all the children, women, and men of America.

REMEMBERING JIM RICE

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. SABO. Mr. Speaker, today, I rise to pay tribute to the life of Jim Rice, a friend and fellow Minnesotan who so skillfully served his State and his community as a member of the Minnesota State Legislature for 26 years. Jim died unexpectedly in October at age 71. But it is not his death that I, his family, and his north Minneapolis community will remember most—rather it is his life and the colorful force of his personality.

Jim Rice was often described as one of the last few characters to inhabit the Minnesota House. It's been said he could "strip the bark off a debating opponent with verbal broadsides that used everything from Shakespeare to quotations of bar-stool philosophers on Minneapolis' north side."

I served with Jim in the Minnesota Legislature before coming to Congress, and I got to see him in action. He was not only a forceful orator on the House floor, but also a skilled legislator with a deep concern for working families, the poor, the arts, and the preservation of the rich history of north Minneapolis neighborhoods.

Prior to serving in the legislature, Jim served as a Hennepin County Parks Commissioner, and before that as executive secretary to former Minnesota Gov. Karl Rolvaag. Earlier, he served in the infantry in World War II. Jim and his wife Jill made time to lovingly raise 8 children, and later to spend time with their 11 grandchildren.

I will close by including a letter Jim wrote to congratulate his grandson, John Conor Creber, for learning to read. It is a memento the family cherishes, and a vivid example of Jim's passion for learning. It shows the type of man Jim Rice was:

DEAR JOHN CONOR:

When your pretty mama told Grandma Jilly that you had learned to read the other night I wanted to get on the phone right then to tell you how wonderful that news was to me. It was so wonderful that I decided that writing to you would be much better.

With your hard work you have developed a gift or talent that is greater than almost anything that will ever happen to you. Your ability to read is better than any toy in the world; it will never break. It is better than your sports equipment; it will never wear out. It will never get lost or go away from you; it will grow and grow all the days of your life.

It will be your best friend. It will help you to love other people and they will love you. It will help you to help other people and they will help you.

It works like this; when you don't know something, you get a book or a map or a pamphlet and you learn about it. You don't ever have to be afraid or ashamed to say, "I don't know," because you will be able to read about it the first chance you get.

You will make more and better friends; everyone likes a person who has read many books and articles because that person is a delight with whom to be.

Your reading will make you laugh and cry. It will make you happy and sad. It will teach you about the whole world and all the people in the world.

You have always been one of the nicest boys I have ever known. Now, you have the ability to give brightness to everyone.

We are all very proud of you and thank you for your hard work.

With Love,

GRANDPA.

Mr. Speaker, Jim Rice will be missed, but not forgotten.

INTRODUCTION OF THE COMMODITY EXCHANGE ACT AMENDMENTS OF 1997

HON. THOMAS W. EWING

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. EWING. Mr. Speaker, today I am introducing legislation to reform the Commodity Exchange Act [CEAct] which governs the regulation of futures and options on U.S. commodity exchanges and other risk management financial instruments that are traded in over-the-counter markets.

This legislation is identical to H.R. 4276 introduced in the 104th Congress. Briefly, the legislation provides a conditional exemption for certain transactions involving professional markets, clarifies the effect of the designation of a board of trade as a contract market, simplifies the process for submission and disapproval of contract market rules, regulates audit trail requirements, establishes cost-benefit analysis requirements, repeals the Commodity Futures Trading Commission's deficiency order authority, and clarifies the impact of the section 2(a)(1)(A)(ii) of the CEAct commonly known as the Treasury amendment.

The purpose of the legislation is to assure the competitiveness of the U.S. futures industry, to preserve the vitality of price discovery and hedging functions of the futures markets and to recognize the impact of technology on our markets. The legislation I am introducing today is designed to serve as a discussion document as the House Agriculture Committee prepares to debate the many issues involved in reform of the CEAct.

In an effort to further discussion, the committee has requested comment from industry representatives directly and indirectly impacted by the CEAct including producer groups, self-regulating organizations, exchanges, the Commodity Futures Trading Commission, and the U.S. Department of Agriculture. I look forward to working with interested entities in the industry and with my colleagues on both sides of the aisle as we proceed with this necessary reform.

TRIBUTE TO THE MINNESOTA VETERINARY MEDICAL ASSOCIATION ON ITS 100TH ANNIVERSARY

HON. JIM RAMSTAD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. RAMSTAD. Mr. Speaker, I rise today to pay tribute to the members of the Minnesota Veterinary Medical Association and its members' 100 years of faithful service to Minnesotans.

Over the years, the members of the association have provided exceptional animal health care, food safety, and public health

services through the adherence to the highest professional standards of veterinary medicine.

The association was founded in 1897 by 13 veterinarians to further cultivate the science and art of comparative medicine and to promote livestock production as a branch of the agricultural industry. They also worked to protect high educational and ethical standards within their profession and to promote educational opportunities for the veterinarians of Minnesota.

Mr. Speaker, the veterinarians of Minnesota have been a crucial health care provider for the animal population in my State for the last 100 years—making consumers, pets, their owners, and the rural economy of our State a healthier place. I wholeheartedly applaud the 1,400 current members of the association for their dedication and service to the people of Minnesota.

TRIBUTE TO LIA B. BOWLER

HON. JAMES M. TALENT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. TALENT. Mr. Speaker, I rise today to honor the outstanding accomplishments of 2d Lt. Lia B. Bowler. In December, Ms. Bowler successfully completed Marine Corps Officer Candidate School. In the fine tradition of the corps, she persevered through the rigors of the training and was accepted into the elite group of Americans that serve our country as officers in the Marine Corps.

Yet, Mr. Speaker, I rise today not only to congratulate Ms. Bowler on her commission, but also to recognize her outstanding work for the Second Congressional District of Missouri. We had the honor of her service first as an intern and later as our system administrator. In the almost 2 years she worked in the Washington office, she exhibited a dedication, diligence, and professionalism which were highly valued by everyone who worked with her. Although her loss to the Marine Corps will be felt by our office, it will be a gain for the Marines. Therefore, it is with great confidence that I can say her service as an officer will be in the highest traditions of the corps.

INTRODUCTION OF LEGISLATION TO CORRECT MEDICARE BENEFICIARY OVERCHARGES IN HOSPITAL OUTPATIENT DEPARTMENTS

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. STARK. Mr. Speaker, I am today introducing with Representative WILLIAM COYNE a bill to correct a glaring failure in the Medicare program—the massive over-charging of beneficiaries in hospital outpatient departments [HOPD's].

This bill will save Medicare disabled and senior beneficiaries about \$35.7 billion between 1999 and 2003. It will stop the steady, upward climb in the percentage of HOPD costs that beneficiaries have to pay. Usually beneficiaries pay 20 percent of a set fee

schedule for part B services. The way the HOPD law was drafted, however, has caused the beneficiary share of HOPD costs to climb to about 45 percent of outpatient department revenues. If the law is not corrected, seniors will pay an ever-increasing percentage.

Our bill will stop the rise in the beneficiaries' effective percentage payment and return it to the 20 percent that Medicare beneficiaries were promised. There are reports that the President's Medicare budget proposal will include a correction of the HOPD problem, but over a 10-year period. The President is to be congratulated for finally addressing this issue. We believe it should be done more quickly, and would like to work with interested parties to find the best way to pay for this program improvement at the same time we are making other savings to extend the life of the Medicare part A trust fund.

The HOPD problem is a serious one, with no easy solutions. In 1995, the Secretary of HHS presented a lengthy report to Congress that discussed a number of possible solutions—see attachment No. 1. We have adopted the basic ideas from that report and establish an HOPD prospective payment system and a correction of what is known as the formula-driven overpayment [FDO].

How did this problem arise? Hospital outpatient departments do all kinds of things like tests, x rays, and surgeries that the Secretary of HHS has determined can be safely done in an outpatient setting. HOPD services are paid under Part B. The key to the problem lies in the fact that Medicare pays HOPD's on a reasonable cost basis and not based on a prospective payment system [PPS] or fee system. Since costs are determined retroactively, the hospitals get paid retroactively by Medicare, but bill the patient at the time of service. At the time the patient gets the service and leaves the HOPD, we are unable to say for sure what the patient's 20 percent copayment is, since there is no set schedule of fees. As a result, the system was established in such a way that coinsurance is calculated based on charges at time of service. The charges, of course, may have little or no relation to costs and have crept up over time relative to what Medicare ends up actually paying for the cost of the service. So instead of paying 20 percent of a set and known fee, the seniors and disabled are paying 20 percent of charges. In 1996, this has become the equivalent of about 45 percent of the total payment to the hospital, Medicare plus coinsurance.

There is often a complication in the payment system I've just described for certain types of services provided in HOPD's, which results in what is called a formula-driven overpayment. If the surgery done in the HOPD is one that could have been done in an ambulatory surgery center and ASC's do about 2,700 different kinds of procedures, so there is a lot of overlap, then the amount of the Medicare payment is calculated differently. The payment calculation is also determined differently for radiology and diagnostic services performed in hospital OPD's compared to other services. For these services, the payment is either the lower of: One, reasonable cost as I've described in the previous paragraph, or two; a blended amount that is based partially on the reasonable cost in No. 1 and partially on either the ASC payment rate, for surgical services, or the physician fee schedule, for diagnostic and radiology services.