Recovery Act [DCERA] as my first bill of the 105th Congress. It would be irresponsible not to do so. I introduced virtually the same bill on April 15, income tax day, last year. I reintroduce the bill today for two reasons: First, lethal taxpayer flight continues unabated; second, the District has no State safety-net backup to recycle income back from wealthier areas. With only the residents who remain available to keep the city alive, a tax cut incentive to keep taxpayers here has become an imperative. In short, taxpayers are in full flight, and only a dramatic and focussed incentive can keep them here.

The DCERA will reduce Federal income taxes in three ways. First, to effect the tax cut the DCERA raises the traditional standard deduction and personal exemptions: $15,000 instead of $6,550 for single filers; $25,000 instead of $8,450 for single heads of household; and $30,000 instead of $11,800 for married joint filers. Thus, residents who can least afford to pay the city's high taxes and the high cost of living—with incomes below $15,000, $25,000, and $30,000—will pay no Federal income taxes. Second, a uniform rate of 15 percent will be applied progressively up the income scale to reduce present tax liability—from a 79-percent reduction to a 34-percent reduction, depending on income. The lower the income, the greater the tax reduction. The uniform rate rescues residents from bracket creep, the mechanism that taxes away a portion of an individual's income as it increases from one bracket to the next. The uniform rate assures that residents whose income increases because of the tax cut will not have any significant portion immediately taxed away. Third, the mortgage interest and charitable deductions remain. The home mortgage interest deduction is especially vital because homeowners make a sizeable investment in the city and are most likely to remain here. Home ownership in the District of Columbia is the lowest among the 50 States and the District of Columbia.

The bill also seeks to spur business and economic development in the city in two ways. First, the DCERA exempts capital gains so long as they derive from District investments by District residents. Second, investment income will qualify for the low 15-percent rate, so long as these are investments in activity within the District by District residents. Social Security income and income from traditional IRS-qualified pension plans also qualify for the low DCERA rate.

In the absence of a State, a unique tax incentive is fully justified, is profoundly fair, and absolutely essential. The tax cut is justified and fair because District residents pay the full load of Federal taxes while lacking full representation and full home rule, and they have no State to recycle income from wealthier areas. Instead, the city is burdened with just the opposite. The Congress has imposed on District residents the cost of providing services for commuters while protecting them from paying any part of the rising cost of those services. The tax cut is essential because every plan and proposal, including the recent, welcome proposal by President Clinton, will pick up only a small fraction of the costs the District taxpayer bears. As important and gratifying as the President's plan is, its basic assumption is that there will be a large enough tax base here to pay for most of the costs of the city. That assumption defies the latest census data. This city is on track to lose nearly three times as many residents in the 1990's as in the 1980's. Today, the city's population has dropped to where it was in 1933. Yet, the President's proposal will leave 90 percent of District Government costs that are currently funded from locally raised revenues to be picked up by a tax base that is being miniaturized.

The analysts agree on the two basic necessary for the city to recover: An adequate tax base and relief from State functions and pension liability. We are gratified that the President's proposal strides in the direction we must go to fund at least some of the functions no city could bear today. My bill assures that his plan will not be stillborn. Stated painfully, but plainly, the President's plan will fail if taxpayers continue to leave at the present rate.

The DCERA has been carefully crafted as a bipartisan bill consistent with the principles of both parties. It is sizable enough to attract Republicans and to act as a realistic incentive for District residents to remain. It is steeply progressive in the tradition of Democrats in general and the 1963 JFK tax cut in particular. Once the bill is passed, half of District residents will be off the Federal income tax rolls. Tax cuts for working people will progressively depend on income.

To encourage investment in a city desperate for business, the DCERA taxes small District-based business at the 15-percent rate and eliminates capital gains, but only for District residents, thus accomplishing two goals at once. It helps reverse the huge business exodus from a city that is dangerously overdependent on the rapidly downsizing Federal sector, while encouraging business people to reside here—the only way to take advantage of the DCERA. Already impoverished, the District's business sector lost 1,800 businesses between 1990 and 1995.

Equally important, the bill contains protections against gentrification and unnatural increases in the cost of living. For example, the DCERA applies only to bona fide District residents who spend 183 days of each taxable year physically in the city, to wages earned in the District or the metropolitan region, and to investment income earned on District investments only. The bill exempts capital gains taxes only on investments in the District by District residents. Stand-by legislation further guards against unnatural increases in the cost of living. Examples include: a city council bill passed last year, at my request, that freezes property, sales, and income taxes effective when the DCERA is enacted; a measure similar to TRIM in Prince George's County that limits property tax rates and the growth of assessments; a surtax on capital gains if derived from excess profits; and a revolving fund for zero-percent interest loans—or tax credits—for home buyers to cover unusual increases in home prices, with the money to be paid back upon the sale of the home; and the maintenance of rent control. The bill also requires the Secretary of the Treasury to prepare an annual study to determine the effects of the bill, thus allowing each year for the correction of unintended consequences, if any. However, the analysts and experts who have studied the DCERA closely to not predict unusual effects, but rather, they indicate that the market will discount for urban conditions in general and conditions and services in the District of Columbia in particular in the prices of property and other investments.

Our greatest risk at this late hour is that even a tax cut may be too little to check the flight. At the very least, however, the overwhelming support for the bill among residents of every ward, every income group, and every racial and ethnic background is some evidence that the bill will help keep taxpayers here who might otherwise leave. The DCERA will give us time to improve services and to more fully regenerate our tax base. The introduction of the DCERA and the strong support it has won in the Congress has already raised resident morale and contrasts sharply with the long-running dearth of support for other approaches to help the District in the House and Senate.

Time is running out to stop the taxpayer drain. We must hope that we have not already passed the point of no return. Once a city loses a critical mass of taxpayers, it loses the capacity to turn taxpayer losses around. No city has ever reversed a taxpayer hemorrhage. With the city on life support and no state safety net to rescue the District, the greater risk lies in doing nothing.

Only blinders to the last great injustice on American soil could lead any American to question a bill reducing Federal taxes on the residents of the Nation's Capital. Third per capita in Federal income taxes, District residents stand alone in shameful defiance of the American principle of no taxation without representation. The four territories pay no Federal income taxes yet have the same representation in Congress as the District. The four territories have full self-government; the District's limited home rule is self-government only when the Congress says so. The Congress will compound the harsh civic injustice it imposes if it also insists on taxing the District's tax base into extinction. With the DCERA, District citizens ask only to rebuild their own city with their own money. Their country owes them that, and more.

DCERA PROVIDES SIZABLE PROGRESSIVE TAX REDUCTIONS

	IRS deduction	DCERA deduction
Single Filer	$6,550	$15,000
Head of Household Filer	8,450	25,000
Married-Joint Filer	11,800	30,000

Income range	No. of filers	Percent reduction in tax liability[1]
Under $15,000	50,390	100
$15,000–$29,999	87,117	79
$30,000–$49,999	52,060	51.2
$50,000–$74,999	23,568	44.2
$75,000–$99,999	9,822	36.8
$100,000–$199,999	10,259	35.7
$200,000+	4,286	34.2
Total filers	237,502	44.3

[1] Includes a tax rate of 15 percent and charitable and mortgage deductions, which are retained.

FRANK "MAC" MC CARTY

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. BARCIA. Mr. Speaker, the people of Flushing, MI, have endured a great loss with the recent death of Frank McCarty, a man who for over 30 years served the people of his community in the best way he knew how—as an advocate for them as a member of the city council.

Even though he had reached 75 years of age, Frank McCarty believed that there was always something more to do, something new to experience. He refused to let the knowledge that he was ill discourage him from further activity. He viewed what time he had remaining not as a time to dwell upon his own situation, but rather as a time to show that no matter what our own difficulty might be, there is always something more that can be done for others, whose situation may be worse than our own.

The people of Flushing knew Frank McCarty as both a public servant and as a businessman. His service station was a key point of activity in town, and provided many jobs for young people looking to enter the work force for the first time.

Last year, a baseball stadium in Eastview Park was named after Frank, and his wife Maxine, in recognition of his years of service. This was a most fitting tribute to a family that has been as important to the community as the community has been to the family. His devotion is what earned him the Citizen of the Year Award in 1989, and the Award for Outstanding Contribution to the Community in 1996.

His wife Maxine, and his daughters Sharon, Ann, Mary Beth, Amy, and Nancy, had the privilege to share in his entire life, so I am sure their loss is even greater. They should know, Mr. Speaker, that the city of Flushing reveres what Frank McCarty has done. The work of this gentleman shows in every neighborhood and in thousands of faces. The many associations who were privileged with his membership, including the Genesee County Small Cities and Villages Association, and Central Communications Consortium, the Main Street Reconstruction Group, the Fire Services Committee, the Flushing Area Senior Citizens Advisory Committee, and the Library/Senior Annex Board.

Occasionally life presents us with an outstanding and dedicated individual. We want that person to be with us forever, but must satisfy ourselves with the memory of the individual, the record of achievement, and the example of devotion. Frank ‘‘Mac’’ McCarty was such a man. He will be missed.

LIGHT INFANTRY DIVISIONS: ONE OF OUR BEST NATIONAL SECURITY INVESTMENTS

HON. JOHN M. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. McHUGH. Mr. Speaker, I call your attention to an issue of great importance to the defense posture of the United States which takes on an even greater significance as the Department of Defense undertakes a study of the military of the future.

An August 1996 Congressional Budget Office report, ‘‘Reducing the Deficit: Spending and Revenue Options,’’ and specifically section [DEF–17] entitled ‘‘Reduce the Number of Light Infantry Divisions,’’ is seriously flawed in both its analysis and conclusions.

I believe it is imperative that the facts be known as to why we cannot afford to eliminate one light infantry division. I am also compelled to set the record straight regarding CBO’s assertions about the 10th Mountain Division’s role in Somalia. To let CBO’s assumptions go unchallenged would be a disservice to our Nation and those men and women in uniform who risk their lives to defend it.

Mr. Speaker, I believe the facts presented in the following January 16 letter to the Director of the CBO will provide a solid basis for future consideration of such important issues. I am especially pleased that in her response, which also follows, the Director has pledged to ‘‘be more explicit about the advantages and merits attributable to light infantry divisions’’ in future editions of the report.

Mr. Speaker, I submit the exchange of correspondence for your interest and commend it to our colleagues for their thoughtful review.

U.S. CONGRESS
HOUSE OF REPRESENTATIVES,
Washington, DC, January 16, 1997.

Ms. JUNE E. O’NEILL, *Director,*
Congressional Budget Office,
Washington, DC.

DEAR MS. O’NEILL: I call to your attention the August 1996 CBO report, Reducing the Deficit: Spending and Revenue Options and specifically the section (DEF–17) entitled ‘‘Reduce the Number of Army Light Divisions.’’ At the onset, I want to thank you for your response to my August letter in which I asked for the data supporting the conclusion that the number of divisions be reduced.

DEF–17 asserted that the Department of Defense could save over $16 billion in six years by eliminating one light infantry division (LID) and an airborne division by consolidating the airborne and air assault divisions into one division. The remaining light infantry divisions would consist of one light infantry division and one airborne division of two air assault brigades and one airborne brigade.

Having reviewed the matter carefully, I must emphatically disagree with CBO’s conclusions. I have found many of the assertions contained in DEF–17 to be faulty and without merit. As a Member of the National Security Committee, I well understand the need to spend every defense dollar wisely. It is in that context that I believe our light infantry divisions are one of our best national security investments. They have enabled us to meet the ever-increasing demands on the United States in this post-Cold War era. That having been said, I feel compelled to provide you with facts as to why we cannot afford to eliminate one light infantry division. I also believe it imperative that I set the record straight regarding the 10th Mountain Division’s role in Somalia. To let DEF–17 go unchallenged would be a disservice to our men and women in uniform.

One of the primary lessons of military history is that to accurately predict the timing and location of future conflicts is nearly impossible. It is, therefore, essential to have military forces capable of being tailored for a variety of scenarios. Even in the mid-1980s military planners visualized a need for forces to protect our national interest in other than the European theater, forces that must be prepared to conduct low- to mid-intensity conflicts. Heavy units need lighter forces to operate between and among them on terrain not suitable for heavy vehicles: forests, mountains, urban and other areas. The Army needs traditional general-purpose light infantry utilizing light infantry tactics: forces that could be used in a wide variety of environments and provide the National Military Strategy with its rapid and mobile strategic punch or show of force to deter or compel potential adversaries. Light infantry divisions can be lifted into any region in the world with just 500 sorties of C–141s vs. over 2,300 for the Army’s mechanized divisions (first units are loaded in 18 hours).

In the paragraphs which follow, I challenge the CBO assertions with the facts.

CBO Assertion: Recent history indicates that the United States may not need those divisions. Between 1945 and 1991, about 120 incidents—excluding major conflicts such as those in Korea, Vietnam, and Iraq—required commitment of U.S. ground forces. Of those, the Army was involved in about a third and, even then, generally not in large numbers.

Fact: I have found your assertion that light infantry forces were used very little from 1945 to 1991 to be a misleading statement. The infantry units in question were created in the mid-1980s, covering only six years of the CBO study. According to an October 1996 study by Science Applications International Corporation (SAIC), light infantry units have been deployed in battalion or larger force a total of 13 times in the last 15 years. During five of these deployments, a division or larger light infantry force was used (URGENT FURY—Grenada 83; JUST CAUSE—Panama 89; DESERT SHIELD/STORN—SWA 90; RESTORE/CONTINUE HOPE—Somalia 92; RESTORE/UPHOLD DEMOCRACY—Haiti 94)

CBO Assertion: The light infantry divisions have limited firepower and tactical mobility once deployed.

Fact: Light infantry divisions, by their very nature do not have the firepower or mobility existing in the U.S. mechanized divisions because they are, in fact, tailored for other missions. Light infantry divisions must be offensive, capable of using stealth and attacking by infiltration, air assault, ambush and raids. These forces, by virtue of the terrain in which they are required to operate, do not have the capability to carry high caliber weapons. To offset a lack of firepower the LID dismounted company size is near double the size of a mechanized dismounted company force; around 120 in light company and about 68 in a mechanized company. A recent study by SAIC for the 21st Century concludes that, in the future, more conflicts will be fought in densely populated, urban environments. Heavy forces are not as well designed to combat infantry in urban environments where it takes time and manpower to clear buildings and blocks. These capabilities together with its strategic projection capability offer excellent balance to the full spectrum Army.

CBO Assertion: The Defense Department made a strong statement about the utility of the LIDs in combat when it failed to use any light infantry forces during Operation Desert Storm.

Fact: Your report states that the Department of Defense failed to use any light infantry forces during Operation Desert Storm (ODS). This is totally an inaccurate statement. Both the 82nd Airborne and the 101st Airborne (AASLT) were deployed in ODS. Although the 82nd Airborne Division did not parachute into the area of operations, it was the first U.S. ground force rapidly projected to Saudi Arabia to show U.S. military commitment and resolve to the region. The highest demonstration of U.S. resolve to defend Saudi Arabia from Saddam Hussein was to put soldiers on the ground as quickly as possible. The 82nd Airborne was on the ground within 24 hours. This action drew the line in the sand and allowed time for the heavier units to arrive in the Area of Responsibility (AOR). The 101st was utilized not only in Desert Storm by air assaulting 153 miles into the enemy rear and securing key tactical objectives along the Euphrates River, but also early in Desert Shield as a covering force in defense of Saudi Arabia. It should also be