

(2) calls on all private militia to disarm and disband immediately to end the continuing threat to peace and stability in the Republic of Congo;

(3) commends African leaders from Gabon, Equatorial Guinea, Cameroon, Benin, Central African Republic, Senegal, and Chad for their efforts to negotiate a peaceful settlement and encourages their continuing efforts to find a sustainable political settlement in this matter;

(4) supports the deployment of an African peacekeeping force to the Republic of Congo if deemed necessary;

(5) urges the Government of the Republic of Congo, in cooperation with all legal political parties, to resolve in a transparent manner questions concerning the scheduled elections and to prepare for open and transparent elections at the earliest feasible time; and

(6) encourages the United States Government to provide technical assistance on election related matters if requested by the Government of the Republic of Congo.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. ROYCE], and the gentleman from Indiana [Mr. HAMILTON], each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. ROYCE].

(Mr. ROYCE asked and was given permission to revise and extend his remarks.)

GENERAL LEAVE

Mr. ROYCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROYCE. Mr. Speaker, I yield myself such time as I may consume.

Since violence in the Republic of Congo escalated several weeks ago, an estimated 3,000 lives have been lost there. What started as an effort by Congo President Pascal Lissouba to safeguard upcoming elections by neutralizing the so-called Cobra militia, operated by a political rival, has degenerated into ethnic cleansing.

All this has developed beneath the media's radar. As the world watched the unraveling of the Mobutu regime in the neighboring country then known as Zaire, the Republic of Congo was seen as a safe haven for refugees from that collapsing nation.

But today nearly a quarter of the population of the city of Brazzaville has left town to avoid being caught in the fighting. Unfortunately, these refugees have found themselves stopped along the way and killed if they belong to the wrong ethnic group. This resolution is a reinforcement of our Government's commitment to the democratic process in Congo-Brazzaville. It calls for a disengagement of forces and a lasting cease-fire and applauds the African efforts to resolve this crisis. It unanimously passed the Committee on International Relations several weeks ago.

□ 1545

Mr. Speaker, when this resolution was before the House last week, there

was some confusion over whether it called for an international peacekeeping force. Let me say clearly that this resolution calls for any such force to be an African force.

Mr. Speaker, a resolution of the crisis in Congo-Brazzaville is not only a priority for regional strategic reasons, but the example of a democracy unraveling is a poor one for other African nations. I ask for my colleagues' support.

Mr. Speaker, I reserve the balance of my time.

Mr. HAMILTON. Mr. Speaker, I yield myself such time as I may consume and I rise in support of the resolution.

Mr. Speaker, I support the resolution because I believe it does draw attention to an explosive situation in central Africa, and I want to express my appreciation for the leadership of the distinguished gentleman from California [Mr. ROYCE], for his sponsorship of the resolution and for putting the resolution forward.

I do think the gentleman's explanation is important to notice. There was a misunderstanding on the floor of the House last week. This resolution supports the deployment of an African peacekeeping force to the Republic of Congo, and only supports it if it is deemed necessary. I think the resolution was not fully understood at the time of the vote last week.

This resolution reflects the views of the U.S. Congress on the importance of this issue. I hope the resolution will encourage the parties to maintain the current cease-fire and to reach a political solution in the ongoing talks. I urge the adoption of the resolution.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ROYCE. Mr. Speaker, I yield myself the balance of my time to thank the gentleman from Indiana [Mr. HAMILTON] and ask my colleagues to support this resolution, which sends an important message to the region.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. GOODLATTE). The question is on the motion offered by the gentleman from California [Mr. ROYCE] that the House suspend the rules and agree to the resolution, H. Res. 175, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution as amended, was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

BANKRUPTCY JUDGESHIP ACT OF 1997

Mr. GEKAS. Mr. Speaker, I move to suspend the rules and pass the bill

(H.R. 1596) to amend title 28, United States Code, to authorize the appointment of additional bankruptcy judges, and for other purposes.

The Clerk read as follows:

H.R. 1596

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bankruptcy Judgeship Act of 1997".

SEC. 2. PERMANENT JUDGESHIPS.

Section 152(a)(2) of title 28, United States Code, is amended—

(1) in the item relating to the central district of California, by striking "21" and inserting "25";

(2) in the item relating to the district of Maryland, by striking "4" and inserting "5";

(3) in the item relating to the district of New Jersey, by striking "8" and inserting "9"; and

(4) in the item relating to the western district of Tennessee, by striking "4" and inserting "5".

SEC. 3. TEMPORARY JUDGESHIPS.

(a) APPOINTMENTS.—The following judgeship positions shall be filled in the manner prescribed in section 152(a)(1) of title 28, United States Code, for the appointment of bankruptcy judges provided for in section 152(a)(2) of such title:

(1) 1 additional bankruptcy judgeship for the eastern district of California.

(2) 1 additional bankruptcy judgeship for the southern district of Florida.

(3) 1 additional bankruptcy judgeship for the district of Maryland.

(4) 1 additional bankruptcy judgeship for the eastern district of Michigan.

(5) 1 additional bankruptcy judgeship for the southern district of Mississippi.

(6) 1 additional bankruptcy judgeship for the eastern district of New York.

(7) 1 additional bankruptcy judgeship for the northern district of New York.

(8) 1 additional bankruptcy judgeship for the southern district of New York.

(9) 1 additional bankruptcy judgeship for the eastern district of Pennsylvania.

(10) 1 additional bankruptcy judgeship for the middle district of Pennsylvania.

(11) 1 additional bankruptcy judgeship for the eastern district of Virginia.

(b) VACANCIES.—The first vacancy occurring in the office of a bankruptcy judge in each of the judicial districts set forth in subsection (a) which—

(1) results from the death, retirement, resignation, or removal of a bankruptcy judge, and

(2) occurs 5 years or more after the appointment date of a judge appointed under subsection (a), shall not be filled.

SEC. 4. EXTENSION.

The temporary bankruptcy judgeship position authorized for the district of Delaware by section 3(a)(3) of the Bankruptcy Judgeship Act of 1992 (28 U.S.C. 152 note) is extended until the first vacancy occurring in the office of a bankruptcy judge in that district resulting from the death, retirement, resignation, or removal of a bankruptcy judge and occurring 10 years or more after October 28, 1993. All other provisions of section 3 of the Bankruptcy Judgeship Act of 1992 remain applicable to such temporary judgeship position.

SEC. 5 TECHNICAL AMENDMENT.

The first sentence of section 152(a)(1) of title 28, United States Code, is amended to read as follows: "Each bankruptcy judge to be appointed for a judicial district as provided in paragraph (2) shall be appointed by

the United States court of appeals for the circuit in which such district is located.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania [Mr. GEKAS] and the gentlewoman from California [Ms. LOFGREN] each will control 20 minutes. The Chair recognizes the gentleman from Pennsylvania [Mr. GEKAS].

GENERAL LEAVE

Mr. GEKAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1596.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in favor of this legislation, the Bankruptcy Judgeship Act of 1997, and urge its adoption by the House.

We would think it is an anomaly, Mr. Speaker, to have a request for new bankruptcy judges at a time when the gross national product seems to be in good shape and inflation is down and the economy is in fairly good shape, yet the evidence is sound that bankruptcies, personal and otherwise, are on the rise. Therefore, the Judicial Conference, on whom we rely in the Committee on the Judiciary for the general themes of what we can best do to serve the Federal judiciary, has requested that these new judgeships be created.

There would be 7 permanent new judges and 11 temporary judges across the 14 Federal judicial districts. It would extend one temporary judgeship already in existence in another district.

Because I personally put so much stock in the findings of the Judicial Conference, those findings have formed the basis for the hearings that we held in this regard over the last two terms and the reports on which we based some of our recommendations.

The bill that is in front of us has been cosponsored by Members on both sides of the aisle. The gentleman from Illinois [Mr. HYDE], the chairman of the full Committee on the Judiciary, and the gentleman from Michigan [Mr. CONYERS] the ranking member on the minority, as well as the gentleman from New York [Mr. NADLER] the subcommittee ranking member, and this individual, all of us have cosponsored and have urged the passage of this legislation.

Mr. Speaker, I reserve the balance of my time.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume.

(Ms. LOFGREN asked and was given permission to revise and extend her remarks.)

Mr. LOFGREN. Mr. Speaker, I rise in support of the motion to suspend the rules and pass the bill, H.R. 1596, the Bankruptcy Judgeship Act of 1997.

This legislation is both urgently necessary and long overdue. Although

bankruptcies continue to rise, over 1 million filings in 1996, Congress has failed to provide the necessary resources to do the job. We have not provided for any new bankruptcy judgeships since 1992. When the cases pile up in bankruptcy court, businesses that are owed money are left holding the bag, families trying to straighten out their lives face delay, and many cases will receive less attention than they merit.

I would note that this year the Administrative Office of the U.S. Courts has recommended an increase in the number of permanent bankruptcy judgeships in the Central District of California by four and the addition of a temporary bankruptcy judgeship in the Eastern District of California.

This bill also reflects the improved method instituted by the Administrative Office of the U.S. Courts for measuring the work required to adjudicate the huge chapter 11 cases. Until recently, the largest unit of measure used for the purpose of calculating judicial workload was a \$1 million chapter 11.

Under that system of measuring judicial workload, a case involving \$1 million worth of debt was statistically indistinguishable from a \$1 billion case. By failing to measure the actual workload in these cases, the Administrative Office of the U.S. Courts consistently failed to recommend adequate resources for courts that heard the massive chapter 11 cases. This bill reflects the newer and more accurate measure.

We cannot afford to have debtors and creditors held up in court because there are not enough judges to hear the cases. H.R. 1596 is a measured response to the need for additional bankruptcy judges. I urge its adoption and join with the chairman in pointing out that this is indeed a measure that has received bipartisan support among its sponsors and on the committee.

Mr. Speaker, I reserve the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. WOLF].

Mr. WOLF. Mr. Speaker, I rise in support of the bill, H.R. 1596, and I want to thank the gentleman from Pennsylvania [Mr. GEKAS] for yielding me time to speak on the personal bankruptcy crisis in America.

In 1996 alone over one million cases for bankruptcy were filed, an increase of 27 percent over the 1995 filings, which equaled 926,000. In 1997 bankruptcy filings have exceeded 100,000 per month across the country.

While the entire Nation needs additional bankruptcy judges to help manage the increased caseload, H.R. 1596 is targeting areas most in need for additional assistance, with temporary judgeships to be authorized for the Eastern District of California, the Southern District of Florida, the District of Maryland, the Eastern District of Michigan, the Southern District of Mississippi, the Eastern District of

New York, the Northern District of New York, the Southern District of New York, the Eastern District of Pennsylvania, the Middle District of Pennsylvania, and the Eastern District of Virginia.

Also, the legislation calls for an additional four permanent judges to be authorized for California, Maryland, New Jersey, and Tennessee.

Why are we in a personal bankruptcy crisis in America? A recent study conducted by SMR Research Corp. in Hackettstown, NJ, looked at the bankruptcy crisis and found that while there is no single prime cause of bankruptcy, there is a connection between bankruptcy and gambling.

That study states, and I quote, Mr. Speaker,

It now appears that gambling may be the single fastest growing driver of bankruptcy. Once limited to Nevada and New Jersey, casino gambling has spread very rapidly through many States. Indian reservation casinos have been one new mode for this growth, and riverboat and coastal gambling boats have been added.

This is a fascinating and enlightening study which I will submit for the RECORD for all our colleagues to read.

When we look at the areas where H.R. 1596 targets the need for additional bankruptcy court assistance, we can see a link to the areas where gambling has proliferated in recent years. The SMR Research study states, and I quote,

The bankruptcy rate was 18 percent higher in counties with one gambling facility and was 35 percent higher in counties with five or more gambling establishments.

The study continues, and I quote again, Mr. Speaker,

The effect of gambling on bankruptcy seems quite clear when you look at a map. Among all the counties in Nevada, for instance, we find that the closer you come to Las Vegas and Reno, the higher the bankruptcy rate. In California the two counties with the highest bankruptcy rates are Riverside and San Bernardino. They also happen to be the two counties closest to Las Vegas. The fourth highest bankruptcy rate in California is in Sacramento County, which is closest to Reno.

If we look at H.R. 1596, we see the Central District of California will be authorized four additional permanent bankruptcy judges and the Eastern District of California will be getting an additional temporary judge to handle the swelling number of bankruptcy filings.

Mr. Speaker, I will not belabor the point, but I urge our colleagues to read the SMR Research report. We see Congress must be educated on the effects of gambling in our society. We are acting today to increase bankruptcy judgeships, which I believe can be linked to the proliferation of gambling today, but we just cannot continue to add more and more judges to solve this crisis. Getting to the heart of the problem is a challenge not only facing this Congress but the newly established National Gambling Impact Study Commission.

Mr. Speaker, the SMR information I referred to earlier follows:

THE PERSONAL BANKRUPTCY CRISIS, 1997
(Published by SMR Research Corporation)
THE PURPOSE OF THIS STUDY

In 1996, SMR Research issued a 56-page study on the causes of wildly rising personal bankruptcy filings. We knew the subject was timely, but little did we imagine the media coverage that would follow.

The 1996 study was mentioned in major newspapers and magazines across the land, on television, and even became the subject of two stories in the Wall Street Journal.

Fate is strange. Publicity is nice, but the 1996 study was not exactly a typical SMR production. The explosion in bankruptcies had caused a lot of demand for information from our lending industry clients, especially unsecured lenders. We put together the 56-page piece as a section of our 1996 annual credit card market study, and later offered the bankruptcy section by itself to non-credit card issuers.

Although 56 pages might look big to some folks, it was the shortest research study we have done since 1985. We found ourselves making conclusions in the 1996 study with some statistical backing, but not always definitive proof.

This study, by contrast, is indeed a standard SMR Research work. The scope is much greater, and allows us to cover the subject completely, with a meaty section on solving (or at least mitigating) the personal bankruptcy dilemma. Where the 1996 study focused solely on some of the core causes of bankruptcy, this study covers the full nature of the problem.

We look at the common misperceptions about bankruptcy and provide the statistics that show why they are such vast overstatements. Unemployment is not the primary driver of bankruptcy, nor is the overall consumer debt load. Lender marketing and easy credit also are not the prime cause.

In fact, there is no single prime cause of bankruptcy. In this study, you'll see coverage of many things that result in bankruptcy, with some quantification of which ones are in the worst. The additional space allows us to cover things we couldn't cover last year, like the connection between bankruptcy and gambling—perhaps the fastest-growing problem of all.

In addition, this study, for the first time we know of, shows the demographics of bankruptcy, using our county-level statistical database that goes back to 1989.

Regarding solutions to the problem, they are not easy. The bankruptcy spike is based at least in part on serious, intransigent, worsening, socio-economic problems. This underlying core puts upward pressure on filings, and the upward pressure really explodes when you throw lawyer advertising and bankruptcy's loss of social stigma into the mix.

Still, we are quite confident that there are steps available to creditors to help control their own bankruptcy loss exposure. We think the best solution of all may be the most radical, which is for creditors to adopt some of the risk-control techniques of the insurance industry. This would mean using actual geographic loss statistics as a supplemental aid in credit scoring, pricing, and marketing. This material appears starting on Page 157.

SMR has been following the bankruptcy subject, and has been building its database of filings, for eight years. After all that time, we finally have created a research study that we believe addresses all the central issues in the bankruptcy crisis.

We appreciate your patronage and hope you get good value from the research.

GAMBLING AND BANKRUPTCY

It now appears that gambling may be the single fastest-growing driver of bankruptcy.

Once limited to Nevada and New Jersey, casino gambling has spread very rapidly through many states. Indian reservation casinos have been one new mode for this growth, and riverboat and coastal gambling boats have added more.

If you have not been tracking the spread of gambling, you may be in for a shock about how pervasive gambling facilities have become.

Note that in the state of Nevada, there are only 17 counties (most of them very large). But across the nation, there are now 298 counties that have at least one major legal gambling facility: a casino, a horse or dog racing track, or a jai alai game. That's the count in one recent guide to U.S. gambling facilities, and it does not include such things as places where state lotteries or bingo parlors are available. The lotteries and bingo parlors tend to involve small-ticket gambling, whereas the other facilities obviously involve the larger dollars per customer.

The three addictions & changed mores

When we published our shorter study on the causes of bankruptcy in 1996, we had suspicions about gambling. But we had not yet put together enough solid data and information to make conclusions, therefore we said little about the subject.

Actually, since we were looking at events that can cause insolvency, we were suspicious in 1996 about all three of the serious addiction problems in America: alcoholism and drug and gambling addiction. We remain suspicious about all three of those problems. But of the three, it's quite clear that gambling is the fastest-growing phenomenon.

For those who make and supply alcohol, drugs, and gambling, all are very large businesses. But you don't have to be a sociologist to see that societal mores are changing most rapidly on gambling. Over the last 20 years, state governments themselves have entered the gambling business with lotteries. We see no states as yet that have gone into the heroin trade or where the government itself advertises Jim Beam. So, the concept of gambling now has the tacit blessing of government.

Meanwhile, private entrepreneurs have created dazzling and sophisticated facilities that have eliminated the "sleazy" from gambling and turned it into a recreation. Las Vegas is now a city-sized adult theme park with attractions for the kids, too. American Indians, operating on reservations beyond the authority of state laws, have seized on casinos as a new method to generate cash and improve their standard of living. Cruise ships of all sorts have set up table games and slot machines.

Hard-bitten gamblers of old played poker at tables in a friend's kitchen or sat in cold bleachers to watch the horses. Today's gamblers only enjoy the fines food, free drinks, the best entertainment, super-quality hotels, and the widest variety of gambling adventures that have ever been available. And, of course, all of this now happens at places much closer to most of the larger population centers. Gambling can indeed be fun these days—but some smallish percentage of gamblers do develop problems that translate into bankruptcy.

STATISTICS, GAMBLING, AND BANKRUPTCY

As in so many aspects of bankruptcy, perfect data related to the gambling problem don't exist. No one has asked all the bankruptcy filers if gambling contributed to their financial problems, and we strongly suspect that if filers were asked that question, many would be too embarrassed to answer honestly.

But we can look at evidence in many other ways. Recently, for example, we input into our county-level records the number of gambling places that exist in each county, if any. We obtained the information, covering more than 800 casinos, race tracks, and jai alai "frontons" from the 1997 edition of *The Gaming Guide: Where to Play in the US* of A, published by Facts on Demand Press of Tempe, AZ. The directory provides street addresses and zip codes for the gaming establishments. We used the zips against SMR's Zip Code/County Matching database to put the right numbers of facilities in the right counties.

Then, we aggregated the bankruptcy rates of those places and compared them to those of counties that have no gambling at all. The bankruptcy rate was 18% higher in counties with one gambling facility and it was 35% higher in counties with five or more gambling establishments.

This exercise probably understates the seriousness of the problem, since many counties that have gambling facilities also have very small populations, and actually draw their customers from other places.

So, when we look only at counties with more sizable resident populations and gambling facilities, we see even greater evidence of the problem.

A look at the map

The effect of gambling on bankruptcy seems quite clear when you look at a map. Among all the counties in Nevada, for instance, we find that the closer you come to Las Vegas and Reno, the higher the bankruptcy rate.

In New Jersey, casinos are permitted only in Atlantic City—and that's also where the resident population has by far the highest bankruptcy rate. Generally speaking, the closer you come to Atlantic City, the higher the bankruptcy rate in New Jersey. One exception to this rule is Cape May County, just south of Atlantic City, where the bankruptcy rate is not so high. But Cape May also is a big retirement place with high average age in the population. As shown in our demographics section, high-age populations do not have high bankruptcy rates.

In California, the two counties with the highest bankruptcy rates are Riverside and San Bernardino. They also happen to be the two counties closest to Las Vegas. The fourth-highest bankruptcy rate in California is in Sacramento County, which is closest to Reno.

In Connecticut, the map hardly matters. Connecticut is so tiny that everyone has access to the gambling parlors in the middle of the state. This is a state that used to have a bankruptcy rate far below the national average. But Indian casino gambling is now huge and well-entrenched. The smaller of the Indian casinos, the Mohican Sun in Uncasville, boasts 3,000 slot machines. In Connecticut, the bankruptcy rate per capita has risen more than twice as fast as the national rate of increase since 1990.

WHAT THE EXPERTS SAY: SCOPE OF THE PROBLEM, AND THE CREDIT CARD CONNECTION

Aside from these observations, we set out this year to interview many of the leading U.S. experts on gambling, gambling addiction, and the financial impact of gambling.

Their studies have suggested, fairly consistently, that more than 20% of compulsive gamblers have filed for bankruptcy as a result of their gambling losses. They also show that upwards of 90% of compulsive gamblers had used their credit card lines to obtain funds for gambling and then lost. The same studies show that problem gamblers have a lot of credit cards on which to draw.

"One of the things we know about problem gamblers is that they tend to have lots and

lots of credit cards and those credit cards have been maxed out in terms of their credit limits," said Rachel Volberg, one of the leading researchers into problem gambling in the U.S. and internationally. Volberg is president of Gemini Research, a consulting firm in Roaring Spring, PA. She is a frequent "expert witness" on the problem in state legislative hearings and has done research under contract for various government units in Oregon, Colorado, New York, California, Michigan, Mississippi, Georgia, Louisiana, Iowa, Connecticut, and Canadian provinces.

Volberg is not the only researcher to note the connection with credit cards. "It's not unusual for problem gamblers to have eight to 10 credit cards," adds Henry Lesieur, professor of criminal justice at the University of Illinois, Normal, another leading authority on compulsive gambling.

The amount gamblers owe is quite large. According to studies of Gamblers Anonymous members in Illinois conducted in 1993 and 1995 by Lesieur, the median average lifetime gambling debt of those surveyed was \$45,000, and the median amount owed at the time they entered GA was \$18,000. The median is the midpoint of a list of numbers, with 50% of the numbers being higher and the other 50% being lower.

However, the mean average debts of problem gamblers were far higher than the median amounts. The mean average lifetime gambling debt of those surveyed was \$215,406, with three people saying they owed \$1 million or more. The mean debt upon entering GA was \$113,640, including one person who said he owed \$1 million and another admitting to owing an incredible \$7.5 million.

BANKRUPTCY FILING RATES IN U.S. COUNTIES WITH GAMBLING FACILITIES¹ VERSUS COUNTIES WITH NO GAMING ESTABLISHMENTS

	Number of counties	Aggregate population	1996 bankruptcy filings	1996 filings/1000
All counties with gaming facilities	298	97,385,935	454,384	4.67
Counties with 5+ gaming facilities	23	16,391,661	87,435	5.33
Counties with 1-4 gaming facilities	275	80,994,274	366,949	4.53
Counties with no gaming facilities	2,844	166,526,572	658,724	3.96
All U.S. counties	3,142	263,912,507	1,113,108	4.22

¹ Gambling facilities include land, tribal, and boat casinos; dog, horse, and harness race tracks, and jai alai frontons.

Again, these data tell only part of the story, since some gambling parlors (especially tribal casinos) are located in thinly populated places and draw almost all their customers from other places.

So, it's important to also look at more populous areas located very near to gaming facilities. Indeed, not only do many gambling facilities draw from other nearby population centers within the U.S., but in addition there are many legal casinos in several Canadian provinces. These often are located just beyond the U.S. border and cater to American gamblers in the Detroit area, upstate New York, and other northern states.

Thus, we believe many counties have high bankruptcy rates tied in part to gambling, yet the county doesn't register in our table as a "gambling" county. If we included counties contiguous to those places with legalized gambling, we're sure the numbers would show an even stronger correlation between high bankruptcy rates and gambling. The following mini study of the Memphis, TN, area illustrates our point.

Las Vegas East: Would you believe it's Tunica County, MS?

In the table below, we show the 24 counties in the U.S. with the worst U.S. bankruptcy filing rates in 1996 (10.0 or more filings per thousand residents) and where the population is greater than 25,000.

A significant number of these worst places share one trait—all are within easy reach of major gambling casinos. This is true of just about all of the counties on the list that are

In another study dated April 1996 by the University of Minnesota Medical School, a survey of problem gamblers in Minnesota found the average lifetime gambling debt was \$47,855, although individual amounts ran into the hundreds of thousands of dollars. The median amount was \$19,000. Recent debts—those accumulated in the past six months—averaged \$10,008, while the median amount was \$4,500.

In late 1995, the Minneapolis Star Tribune examined 105 bankruptcy filings made in that city in which it was determined that gambling was a factor. The results of the study appeared in a five-part series that ran in the paper in December 1995.

The newspaper found that of the \$4.2 million of total debt declared by the 105 filers, \$1.14 million—or 27%—was comprised of gambling losses. Almost half of the 105 filers—52, to be exact—claimed they had gambling losses. Their average debt was \$40,066, which was more than the average annual income of \$35,244. The average gambling loss was more than \$22,000. Filers carried an average of eight credit cards, although many had 10 or 15 cards and one person had 25. And heavy debts were being carried on each card.

Counties with gambling have higher bankruptcy rates

Let's return to the county-level data. In the table that follows, we divided up the country among counties with gambling facilities and those without. The differences in bankruptcy rates between them are striking. It's quite clear that those counties with legal big-ticket gambling have higher bankruptcy rates than those counties that don't have gambling, and those counties with

many gambling houses have higher bankruptcy rates than those places with just a few.

We examined more than 3,100 counties. For the entire United States, the personal bankruptcy filing rate per 1,000 population in 1996 was 4.20. But the national rate for purposes of comparison to counties was 4.22 (using 1996 bankruptcies divided by 1995 populations; the 1996 county populations were not available when we did this analysis). For the 2,844 counties without gambling, the bankruptcy rate was lower, at 3.96.

According to The Gaming Guide, there were 298 counties that had legalized gambling within their borders. In these counties, the bankruptcy filing rate in 1996 was 4.67, or 18% higher than for those counties with no gambling. When we subdivide the universe of counties with gambling between those with five or more locations and those with four or less, we learn more. The places with the most gambling facilities have a much higher bankruptcy rate.

Of the 298 counties with gambling, 275 had only one to four facilities. Their combined 1996 bankruptcy filing rate was 4.53 per 1,000 residents, or 14% greater than the 3.96 rate among counties without gambling. However, in the 23 other counties with five or more gambling facilities, the combined bankruptcy rate was 5.33, a whopping 26% higher than the 4.22 national bankruptcy rate and 35% higher than at counties with no gambling at all. Many of these counties with 5+ gambling facilities are in Nevada, but most of them are not.

located in Tennessee, Mississippi, and Arkansas.

Neither Tennessee nor Arkansas has legal casino gambling within its borders. In fact, neither state even has a lottery, for that matter. Yet, several of their biggest counties are located near the 10 major riverboat casinos in Tunica County, MS. Tunica is located in the extreme northwest corner of Mississippi, just south of Memphis, TN. According to The Gaming Guide, Mississippi has the largest amount of "gaming area"—that is, square feet of casino gambling—in any state outside Nevada. And most of that gaming is centered in Tunica County. Major casinos are also located in the Biloxi-Gulfport area on the Gulf of Mexico.

The profusion of super-high bankruptcy rates among the counties located near the Mississippi River casinos in Tunica County is quite remarkable. Indeed, the counties in the tristate area within the Memphis metropolitan area have some of the highest personal bankruptcy rates in the nation. We view their close proximity to the Tunica casinos as very meaningful.

Shelby County, TN, where Memphis is situated, easily had the highest county bankruptcy rate in the nation in 1996, at 17.28 per 1,000 population—more than four times the national average. It's also by far the biggest county in terms of population among the most bankrupt counties. Memphis also happens to be the headquarters of Harrah's, one of the biggest casino operators.

Also on the list of worst counties are two Mississippi counties. DeSoto, with a December 1996 filing rate of 10.65, borders Tunica

County. Marshall County, at 11.47, is adjacent to DeSoto. Tunica County itself, the likely source of some of this trouble, has a population of just 8,132 souls, and a bankruptcy rate of just 5.78, less than the state average of 6.16.

Also high on the list of most bankrupt counties is Crittenden County, AR, at 11.16. It's the county located just across the Mississippi River from Shelby County. Tipton County, TN, at 10.96, is adjacent to Shelby County on the north. Madison County, TN, at 10.73, is located just east of Shelby. But other counties located near Shelby in Tennessee sport high bankruptcy rates, including Haywood, Lauderdale, Fayette, and Crockett, to name a few. These counties don't appear on our list of worst counties because their populations were less than 25,000.

The Tunica casinos aren't the only ones catering to Tennessee residents. There's also a casino located upriver in Caruthersville, MO, in that state's southeastern panhandle. It may be part of the reason for the 10.56/1,000 bankruptcy rate in Dyer County, TN, which is located just across the river. Also, Gibson County, TN, just east of Dyer, had a bankruptcy filing rate of 10.12. It's worth mentioning that both Dyer and Gibson Counties are also both within a two-hour drive of the Tunica casinos.

The next table shows that 9 of the 24 U.S. counties with the highest bankruptcy rates in 1996 also were places located very close to three gambling sites.

COUNTIES WITH HIGHEST BANKRUPTCY FILING RATES,
1996

[Minimum population 25,000]

County name	Population	Filings	Filings/1000
Shelby County, TN ¹	865,058	14,952	17.28
Coffee County, GA	32,697	432	13.21
Jefferson County, AL	657,827	8,124	12.35
Bibb County, GA	155,066	1,912	12.33
Troup County, GA	57,882	705	12.18
Walker County, GA	60,654	705	11.62
Marshall County, MS ¹	32,078	368	11.47
Crittenden County, AR ¹	49,889	557	11.16
Clayton County, GA	198,551	2,209	11.13
Liberty County, GA	58,749	650	11.06
Coweta County, GA	72,021	789	10.96
Tipton County, TN ¹	43,423	476	10.96
Murray County, GA	30,032	325	10.82
Madison County, TN ¹	83,715	898	10.73
Baldwin County, GA	41,854	448	10.70
DeSoto County, MS ¹	83,567	890	10.65
Dyer County, TN ²	35,900	379	10.56
Manassas City, VA	32,657	333	10.20
Gibson County, TN ²	47,728	483	10.12
Scott County, MS ³	25,042	253	10.10
Rhea County, TN	26,833	271	10.10
Talladega County, AL	76,737	774	10.09
Spalding County, GA	57,306	575	10.03
Ware County, GA	35,589	357	10.03

¹ Located near casinos in Tunica County, MS.² Located near casino in Caruthersville, MO.³ Located near casino in Philadelphia, MS.

MORE EXAMPLES

Of course, scenarios like this can be seen in other areas of the country. Atlantic County, NJ, is a leading example. It is home to all of that state's legalized gambling casinos, and the 1996 bankruptcy rate was 7.10 filings per 1,000 residents. That was 71% higher than the state average bankruptcy rate of 4.16. And most of the time, counties located closest to Atlantic had higher bankruptcy rates than others further away.

Of course, Atlantic City draws customers from all kinds of places, including many from New York City. Our point is that the resident population in a gambling county has the easiest and most frequent opportunity to use the facilities, therefore we should expect to see some result in the per capita bankruptcy rate.

Similarly, the 1996 bankruptcy rate in Nevada is more than 50% higher than the national average. In Clark County, where Las Vegas is located and where more than half of the state's more than 300 casinos are based, we see the highest bankruptcy rate within the state. Nor is it surprising that the two counties with the highest bankruptcy rates in California are those just across the border from Las Vegas, San Bernardino (7.04) and Riverside (6.77). Those two counties also now have tribal casinos of their own.

Moving to Maryland, Prince Georges County has by far the highest bankruptcy rate among counties in that state—6.72 filings per 1,000 population in 1996, almost 50% higher than the state average of 4.57. By way of comparison, the next highest county bankruptcy rate in Maryland is 5.27, a significantly lower figure. What's going on in Prince Georges?

The answer is that Prince Georges is the only county in Maryland where casino gambling is legal. Legal casinos are located at charitable organizations, such as Elks and Knights of Columbus halls and volunteer fire departments. These casinos have strict limits on operating hours and betting and don't have the glitz of Las Vegas or Atlantic City, yet they do now exist and the casinos are used. Prince Georges County also has harness racing.

Gambling & low-bankruptcy States: Would they be even better without it?

All of the prior information is highly suggestive that gambling influences bankruptcy. Yet, as all the rest of this study shows, there are many other bankruptcy drivers. Therefore, the correlation between bankruptcy and the physical location of gambling facilities is certainly imperfect.

There are some states, for instance, where there are gambling facilities, yet the bankruptcy rates are reasonably low. These states include South Dakota, Minnesota, and Iowa—all located in the moderate bankruptcy "corridor" of the upper Midwest.

It's hard to tell in these areas whether gambling has no effect on bankruptcy, or if, on the other hand, bankruptcy would be even less of a problem without the casinos. The Minnesota university study referenced earlier in this section suggests that bankruptcies in that state are caused at times by gambling.

Indeed, the notion that gambling is a major negative for bankruptcy in all geographies is supported by information from our interviews and from a lot of local newspaper articles we have reviewed. The actual gambling debts may have become credit card debts prior to the filer entering bankruptcy court, but that doesn't change the cause of the financial trouble. The following material will add more from this review of experts and news articles.

QUANTIFYING THE PROBLEM

*10% of Filings Might Be Linked to Gambling;
20% of Problem Gamblers Go Bankrupt*

Articles we studied, often quoting attorneys who specialize in personal bankruptcy, suggested that about 10% of bankruptcy filings are linked to gambling losses. That figure could be higher depending on location. Most of the debt is racked up on credit cards.

According to the experts on compulsive gambling with whom we talked, no comprehensive national study on problem gambling has been conducted in the U.S. since the early 1970s. However, several state studies have been done, all concluding that 20% or more of compulsive gamblers were forced to file for bankruptcy protection because of the losses they had incurred.

In the April 1996 study of compulsive gamblers in Minnesota conducted by two professors at the University of Minnesota Medical School, the researchers reported that 21% of the people in the study had filed for bankruptcy. In addition, a disturbing 94% said they had at least one gambling-related financial problem in their lifetime. Furthermore, 9 out of 10 of the subjects said they had borrowed from banks, credit cards, and loan companies to finance their gambling. And, 77% said they had written bad checks to finance gambling sprees.

The University of Illinois in Normal conducted two surveys of members of Gamblers Anonymous in 1993 and 1995. The combined results found that 21% had filed for bankruptcy, and that another 17% had been sued for gambling-related debts. Additionally, 16% said their gambling led to divorce—another big driver of bankruptcy filings—and another 10% said it led to separation. Compulsive gamblers also have very high rates of attempted suicides, higher even than for drug addicts, the experts said.

Rachel Volberg, the Pennsylvania-based compulsive gambling consultant we referenced earlier, told us that a study in Wisconsin had found that 23% of compulsive gamblers had filed for bankruptcy, and that 85% of the gamblers said they had used credit cards for gambling money. She also said a study conducted in the Canadian province of Quebec found that 28% of problem gamblers there had sought bankruptcy protection.

One of the really scary things about these studies is that they are conducted only with people who had sought out professional help for gambling addiction. So, there may be other problem gamblers at risk, too.

According to several lawyers specializing in bankruptcy who were quoted in newspaper articles that we studied, 10% to 20% of their clients did so due to gambling debts they

couldn't pay. These lawyers were located in areas near casinos, so the 10% to 20% figures probably doesn't hold for the U.S. population at large. Nevertheless, it's probably not a stretch to say that at least in those areas near major casinos, gambling-related bankruptcies account for a good 10% to 20% of the filings.

The Explosion in Iowa

It's also not a stretch to say that the number of people with financial problems stemming from gambling is on the rise, tracking the spread of legalized gambling.

Tom Coates, executive director of the non-profit Consumer Credit Counseling Services of Des Moines, IA, told us that 10% to 15% of the people his agency counsels have financial problems "directly related to gambling." That's up dramatically from 2-3% when the agency opened its doors 10 years ago, before casino gambling was legalized in Iowa. Coates also told us that his service's business is up 30-40% over a year ago, at a time when Iowa's unemployment rate is at an all-time low and its economy stronger than the nation's at large. He blames gambling for much of the surge.

Probably, much of what we've reported about problem gamblers will not surprise the experienced credit executive. People with gambling addiction are rather obviously at risk to lose a lot of money. But how many such people exist? And how many gamble occasionally? Let's take a look at the numbers, below.

2.6 million adults may have a gambling problem

According to the most recent statistics released by the American Gaming Association, the casino industry's trade group, U.S. households made 154 million visits to casinos in 1995. That number was up 23% from the previous year and up an astounding 235% from 1990.

The AGA said 31% of U.S. households gambled at a casino in 1995, up from just 17% in 1980. "Gambling households," as the AGA calls them, also made an average 4.5 trips to casinos in 1995, up from 3.9 times the year before and 2.7 in 1990.

Of course, it is difficult to pinpoint how many of these people have a problem or compulsion—terms that can be a matter of degree or interpretation. Most estimates range from 1% of the adult population to as high as 7%.

The University of Minnesota study estimated that 1% of the state's entire population were "problem pathological gamblers," meaning that they lose control and continue gambling in spite of adverse consequences. If this 1% figure were true for the entire U.S. population, it would represent about 2.7 million people at risk.

The gaming industry itself says that 2% to 4% of practicing gamblers develop compulsion problems. Since 31% of households gambled at a casino in 1995, the 2% to 4% range would yield numbers very similar to the Minnesota study. (31% of 265 million people 82.15 million 3% = 2.5 million compulsive gamblers.)

Needless to say, people don't become compulsive gamblers until they're first exposed to gambling. Therefore, the rapid spread of casino gambling right now is a major concern.

Coates, the credit consultant, told us that Iowa commissioned a study of problem gambling in 1989, two years before the state's first riverboat and Indian casinos opened. In that study, it was estimated that 1.7% of the state's adult population were compulsive gamblers.

In 1995, by which time many casinos had dotted the state, Iowa did a similar study. Using the same methodology, the second study found that 5.4% of the state's entire

adult population—not just the population that gambles—were problem or compulsive gamblers, a more than tripling of the rate in just six years.

Losing everything is common

For creditors, another problem with gambling-driven bankruptcy is that it is highly likely to result in total loss.

Even though most bankruptcy filings will represent near-total loss of amounts owed to unsecured creditors, the gambling-driven bankruptcies may be the worst. That's because addicted gamblers tend to "tap out" completely on debt and deplete savings, leading them into Chapter 7 liquidation.

These are logical observations, but also are supported by findings in a July 1996 study conducted in Wisconsin. We reviewed this study.

DEALING WITH THE GAMBLING ISSUES

Like so many of the drivers of bankruptcy, gambling is a frustratingly tough problem to solve.

Casino gambling is spreading rapidly in part because so many people enjoy it. Most gamblers also are responsible and know their limits. People like gambling and most do it safely, so how do you argue against the further spread of casinos?

The central problem for bankruptcy is that gambling adds another socio-economic minority group to the high-risk mix.

Bankruptcy is always driven by socio-economic and demographic minority groups. Most people have health insurance, but the 40 million Americans who don't are a large high-credit-risk minority. Most people don't get divorced, but the 10% of adults who are divorced are a sizeable at-risk minority. If there also are 2.6 million compulsive gamblers, this is just another high-risk group to throw in—and perhaps the most rapidly growing group. Bankruptcies are rising in part because, when you add up all these at-risk minority groups, you end up with a very large number that's no longer minor.

Still, we believe that much could be done by active creditors to combat the level of the risk. At the moment, if anything, creditors enable and even encourage the problem gambler to go too far. And some state governments seem even more eager than the casino themselves to encourage irresponsible gambling behavior—as we'll see in a moment in New Jersey.

Here are some of our thoughts on combating the gambling/bankruptcy problem:

1. Make it tougher for customers to obtain cash advances at gambling casinos

According to the gaming industry itself, more than half of the money that gamblers play with at casinos is not money they brought with them. It is money they obtained inside the casino or close by from automated teller machines, cash advances from credit card terminals, and the like.

"It is no secret in the casino industry that patrons will continue to play a game until their cash runs out. What some operators have discovered, however, is if a consumer is provided with efficient and easy ways to access cash, often a 'last time' player will wager for longer than he or she originally planned," states a recent article about cash advances in *International Gaming & Wagering Business*, a gaming industry monthly magazine. In addition, the article says, "credit customers tend to be more liberal money-users."

Credit card issuers have been very accommodating to gamblers, making it easy for them to get their hands on large sums of money very quickly. And it may well be that most of this business is profitable for the card issuers. But that may be changing now. In an era of very rapidly increasing bank-

ruptcies, it does not take long for the net losses from bankruptcy filers to exceed the profits from gamblers who responsibly use their cash advances.

Here is some admittedly over-simplified card issuer math: Let's hypothesize that 1,000 gamblers have used credit card cash advances to obtain \$1,000 each. Total receivables for this group will be \$1 million. At a 1.5% return on assets, this \$1 million will generate \$15,000 of net income.

But the gaming industry itself says that 2% to 4% of these gamblers have an addiction problem. If the average is 3%, then 3% of the 1,000 gamblers we've just looked at are very high risk. This will be 30 people. If, as the earlier data suggests, 20% of these 30 people will file for bankruptcy, then 6 of the original 1,000 gamblers will wind up in bankruptcy court. Against the \$15,000 of net income, what will the loss be from the 6 bankrupt compulsive gamblers? Probably, it will be more than \$15,000—or at least close enough to make this little piece of the credit card business insufficiently profitable.

This tells us that card issuers and the ATM associations they partially control may want to reconsider their placement of so many cash machines in casino hotels. Or, at least, card issuers may need to institute new early warning indicators specific to those locations. The heavy users of casino hotel cash machines should be the ones stopped sooner.

"If I were a credit guy, I would check better on the ATM transactions," said Edward Looney, executive director of the Council on Compulsive Gambling of New Jersey. "Banks ought to immediately pick up on someone in trouble. You can tell just from the transactions." Coates was quoted in the *Des Moines Register* newspapers in late 1995 claiming that banking sources told him that eight of the 10 busiest ATMs in Iowa were located at the casinos.

2. Help defeat actions in states that would make it easier for gamblers to get credit card cash advances on casino floors

Here is perhaps the craziest credit risk story yet.

In New Jersey last September, the state Casino Control Commission passed a regulation that would allow casino patrons to utilize ATM and credit card cash advance machines placed right at the Atlantic City gaming tables.

Previously, customers had to walk to a different part of the building to use these machines. Under the new proposal, borrowing for blackjack would be faster than ordering a drink from a cocktail waitress. Not even Las Vegas casinos allow this. And, the Atlantic City casinos themselves don't support the measure, which they believe would lead to increased gambling compulsion and would tarnish the industry's reputation.

In other words, the state government is more eager to push money into the gamblers' hands than the casinos who would profit most in the short run. What's wrong with the New Jersey regulators—and why didn't the banking industry object?

So far, no Atlantic City casino has taken advantage of the rule change, nor is any likely to in the future, said Keith Whyte, director of research at the American Gaming Association, the industry's trade group.

"We definitely opposed in principle New Jersey's regulatory rule change that would let casinos put ATM card swipes right at the table. And in fact no casinos are doing that, and none will, I can almost guarantee you," Whyte told us. "It wasn't a casino-initiated thing. Everybody [in the industry] realized that is probably not a step we would want to take."

According to Looney, the New Jersey Compulsive Gambling Council chief, not a single

credit card or banking industry representative raised any objection to this rule when it was being debated. Yet, Atlantic City has the highest concentration of big casinos outside Las Vegas and serves millions of gamblers per year. You get the feeling no one in the credit community is paying close attention to gambling's effect on bankruptcy.

3. Maybe cash machines should be moved out of the casino hotels entirely

Many of the experts we talked to for this study agreed that the worst thing for a compulsive gambler to have is immediate access to cash when he's on a binge. To the extent that banks control or influence where cash machines are placed, it may be time to reconsider their currently wide availability around the casino hotels.

If the gambler had to walk down the street to get cash, no doubt some would. But some of the people we interviewed strongly contend that the walk itself would impose a "cooling off" period that would stop some compulsive gambling losses.

"It's a vulnerable thing for a compulsive gambler to get credit," said Looney of the New Jersey council and himself a recovering gambling addict. "They will be so focused on their gambling that they will gamble everything they can, including all the credit cards they have in their possession. It is important to have ATM and credit card terminals at least some distance from where gambling actually takes place. To some this might seem a small point, but to those of us who deal with compulsive gamblers, this is huge. For many compulsive gamblers, just being forced to walk a couple of hundred feet away from where the gambling is actually taking place is sufficient time for them to rethink whether they really want to gamble any further. That break from gambling is a crucial time for many."

4. Challenge more aggressively those bankruptcy filings where it appears that gambling losses are the main reason why the person is filing

Inside the bankruptcy court, at least some folks contend, creditors should be even tougher on gamblers than they already are.

"I think lenders should push for slightly different treatment [in bankruptcy court] for someone who has been shown to run up his debts for gambling," said Tom Coates, the *Des Moines* credit counselor. Credit card lenders would not only be helping themselves but doing the problem gambler a favor, too, he noted.

Coates, who recently testified before the National Bankruptcy Commission, tried to impress on the panel that discharging gambling debts through a bankruptcy filing doesn't do the gambler any good. "I tried to impress on the Commission that the compulsive, problem gambler is living in a fantasy world and to go ahead and discharge this debt in bankruptcy court continues to propagate this atmosphere of fantasy land. It will abort the recovery process for that individual. The process of recovery is to bring that person out of their fantasy world into the world of reality, and by discharging those debts, none of it seems real to them."

Indeed, in a recent article in the *St. Louis Post-Dispatch* about gambling and bankruptcy, one gambler was quoted counseling another with money troubles: "Go file bankruptcy. Then you'll have money to gamble with."

U.S. credit card issuers should consider lobbying to change U.S. bankruptcy laws to make it illegal for people to discharge gambling debts in bankruptcy court. That is the current law in Australia, according to Henry Lesieur, the University of Illinois professor. Of course, the card issuers would have to be able to prove that a card cash advance was used for gambling purposes, which might

often be difficult. On the other hand, if the law were changed, perhaps filers who lie about gambling losses would risk penalties, so at least some might be honest.

5. Finance research into problem gambling and finance help for compulsive gamblers

From time to time, creditors provide funds to all sorts of charitable outfits. If they helped finance research into compulsive gambling, such spending would play a dual role. It would be a public contribution, and it would help creditors learn more about the seriousness of the tie between gambling and bankruptcy.

Quite a bit of money is spent on alcohol and drug addiction research and rehabilitation. Both of those problems are viewed (at least by some people) as medical. Apparently, the public view toward gambling addiction is quite different. There's no drug involved, and little is spent on research or rehab. Yet, gambling addiction can indeed be viewed as a form of emotional or mental illness—and it's the one addiction that is growing most quickly in its impact on creditors.

In our research for this study, we found very little new research being conducted on compulsive gambling. The experts we interviewed said that no national survey of compulsive gamblers has been done in more than 20 years; only a handful of studies have been done by various states from time to time. Much of the available research has been done in academia with modest financial support, and it gets little followup attention.

Card issuers spend millions on sporting events, the Olympics, and even on the Smithsonian museums (Discover Card). These expenditures have a marketing value. A fractional amount diverted to gambling research could have an even better bottom line impact.

Ms. LOFGREN. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. ROTHMAN].

Mr. ROTHMAN. Mr. Speaker, I thank the gentlewoman from California for yielding me this time.

Mr. Speaker, I rise today in support of H.R. 1596, the Bankruptcy Judgeship Act of 1997. I come to the floor today to speak not only as a Member of Congress but as a former county surrogate court judge. I am very concerned about the bankruptcy system in the United States, not that it does not work but that with the sheer number of cases being filed, Americans cannot be assured of speedy bankruptcy filings.

As the gentlewoman from California said, that means that individuals and businesses who are owed money by individuals and companies that take advantage of our bankruptcy laws, they will not receive their just compensation in a timely enough fashion. So as Members of Congress, as legislators, it is our responsibility to equip the judiciary with the tools they need to ensure fair and speedy bankruptcy trials for Americans.

In 1996 there were over a million bankruptcy filings in the United States. This was an increase of 27 percent over 1995 and more than triple the number filed since 1984. In my home State of New Jersey there were more than 34,000 filings in 1996, up almost 23 percent from the previous year.

While this number continues to rise, one thing has not changed. Since 1992, no new bankruptcy judges have been

added. New Jersey's 34,000 bankruptcy cases were handled by only eight bankruptcy judges. It is, therefore, unreasonable to think that eight judges can adequately handle 34,000 cases, and that turns out to be the fact.

This number is too high. We cannot expect cases of this number to be heard expeditiously as well as thoroughly and fairly and creditors to be paid promptly if the number of judges does not increase. It is unfair for all of the parties involved.

We will be increasing with H.R. 1596 the number of new bankruptcy judges by 6 percent over 1992, even though the caseload went up 30 percent. I think that this is a good start, Mr. Speaker. H.R. 1596 puts into action the Judicial Conference's recent recommendation to add 7 permanent and 11 temporary judgeships nationwide, and I strongly urge my colleagues to vote for H.R. 1596.

Mr. HOYER. Mr. Speaker, I rise in enthusiastic support of H.R. 1596, the Bankruptcy Judgeship Act of 1997.

Spurred by credit card debt, bankruptcy claims in the United States have escalated by more than 20 percent over the past 5 years, increasing from 971,000 in 1992 to 1.2 million in 1996. This has translated into expanding caseloads for U.S. bankruptcy courts and placed a substantial added burden upon bankruptcy judges and staff. The district of Maryland is among those jurisdictions affected most severely by the rise in bankruptcy filings, experiencing a staggering 35.8 percent jump in the last year, and an astounding 544 percent increase over the 12-year period beginning December 31, 1984, and ending December 31, 1996.

The Bankruptcy Judgeship Act will help to alleviate the mounting stress on the most severely overburdened U.S. bankruptcy courts by establishing an additional 7 permanent and 11 temporary bankruptcy judgeships in various jurisdictions around the country. Under H.R. 1596, Maryland would receive one permanent and two temporary bankruptcy judgeships.

I would like to commend the bill's lead sponsor, Mr. GEKAS, chairman of the Judiciary Subcommittee on Commercial and Administrative law, and the rest of my colleagues on the Judiciary Committee, including Chairman HENRY HYDE, ranking member JOHN CONYERS, and the ranking member of the subcommittee, Mr. NADLER, for taking this action to help bankruptcy courts meet the challenge of rapidly expanding caseloads.

Enactment of this legislation will bring much-needed relief to the U.S. bankruptcy court system and more expeditious adjudication of bankruptcy claims. I strongly encourage all of my colleagues to support this important and timely legislation.

Mr. GEKAS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Ms. LOFGREN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania [Mr. GEKAS] that the House suspend the rules and pass the bill, H.R. 1596.

The question was taken; and (two-thirds having voted in favor thereof)

the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

□ 1600

CLARIFYING STATE AUTHORITY TO TAX COMPENSATION PAID TO CERTAIN EMPLOYEES

Mr. GEKAS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1953) to clarify State authority to tax compensation paid to certain employees.

The Clerk read as follows:

H.R. 1953

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LIMITATION ON STATE AUTHORITY TO TAX COMPENSATION PAID TO INDIVIDUALS PERFORMING SERVICES AT FORT CAMPBELL, KENTUCKY.

(a) IN GENERAL.—Chapter 4 of title 4, United States Code, is amended by adding at the end the following:

“§115. Limitation on State authority to tax compensation paid to individual performing services at Fort Campbell, Kentucky

“Pay and compensation paid to an individual for personal services at Fort Campbell, Kentucky, shall be subject to taxation by the State or any political subdivision thereof of which such employee is a resident.”.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 4 of title 4, United States Code, is amended by adding at the end the following:

“115. Limitation on State authority to tax compensation paid to individuals performing services at Fort Campbell, Kentucky.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pay and compensation paid after the date of the enactment of this Act.

SEC. 2. CLARIFICATION OF STATE AUTHORITY TO TAX COMPENSATION PAID TO CERTAIN FEDERAL EMPLOYEES.

(a) IN GENERAL.—Section 111 of title 4, United States Code, is amended—

(1) by inserting “(a) GENERAL RULE.—” before “The United States” the first place it appears, and

(2) by adding at the end the following:

“(b) TREATMENT OF CERTAIN FEDERAL EMPLOYEES EMPLOYED AT FEDERAL HYDRO-ELECTRIC FACILITIES LOCATED ON THE COLUMBIA RIVER.—Pay or compensation paid by the United States for personal services as an employee of the United States at a hydro-electric facility—

“(1) which is owned by the United States,

“(2) which is located on the Columbia River, and

“(3) portions of which are within the States of Oregon and Washington,

shall be subject to taxation by the State or any political subdivision thereof of which such employee is a resident.

“(c) TREATMENT OF CERTAIN FEDERAL EMPLOYEES EMPLOYED AT FEDERAL HYDRO-ELECTRIC FACILITIES LOCATED ON THE MISSOURI RIVER.—Pay or compensation paid by the United States for personal services as an employee of the United States at a hydro-electric facility—

“(1) which is owned by the United States,

“(2) which is located on the Missouri River, and

“(3) portions of which are within the States of South Dakota and Nebraska,