

Director of Advocacy.
S. ELLIS HANKINS,
Executive Director.

THE OFFICE OF SALT LAKE COUNTY
ATTORNEY, DOUGLAS R. SHORT,
COUNTY ATTORNEY,

July 29, 1997.

Attn: John McMickle.
Re amendments to 11 U.S.C. § 505 and 724(b).
Hon. CHARLES GRASSLEY,

U.S. Senator, Subcommittee on Administrative
Oversight and the Courts, 308 Senate Hart
Office Building, Washington, DC.

DEAR SENATOR GRASSLEY: Salt Lake County's tax revenue, including those of the several school districts located within the county, has been adversely affected by 11 U.S.C. §§ 724(b) and 505. Both provisions discriminate unfairly against governmental entities and take needed governmental and school revenue and shift it to other creditors of the estate.

For example, because 11 U.S.C. § 505 permits the bankruptcy court to redetermine the value of property for tax purposes, Salt Lake County and schools have lost substantial tax revenue because debtors have been permitted to challenge assessments without the necessity of complying with state law.

In one chapter 11 proceeding Salt Lake County and the school districts lost \$61,800 due to the provisions of 11 U.S.C. § 505. In another chapter 11 proceeding the debtor attempted to obtain a refund of taxes paid three years prior to the bankruptcy filing and one post-petition year totaling approximately \$80,000. The county settled after the trustee agreed to drop his pre-petition refund but lost approximately \$18,000 which the Trustee would not have been entitled to under state law. Further, in 1996 the county and school districts lost another \$13,500 in a chapter 7 proceeding because of section 505 jurisdiction. The above actions could not have been brought had state law applied.

Title 11, U.S.C., § 724(b) is often used in this jurisdiction to take county and school district tax money and shift it to administrative expense and other priority claimants. It should be eliminated or limited to federal statutory liens. It is evident from the legislative history of § 724 and its predecessors that Congress never contemplated the impacts of shifting local property tax revenue away from schools and local governments, which provide police and fire protection and other essential services to estate property, to other creditors such as chapter 11 administrative expense claimants and lienholders junior to the tax liens.

Thank you for considering the foregoing issues. Unfortunately we are not able to present this in person. However, your assistance is appreciated.

Sincerely,
MARY ELLEN SLOAN,
Deputy Salt Lake County Attorney,
Civil Division.

TREASURERS' ASSOCIATION OF VIRGINIA,
July 29, 1997.
Re Investment in Education Act of 1997.

U.S. Senator CHARLES GRASSLEY,
Senate Hart Office Building,
Washington, DC.

DEAR SENATOR GRASSLEY: I am writing on behalf of the Treasurers' Association of Virginia to express our support for the Investment in Education Act of 1997. The membership of the Treasurers' Association consists of over 180 county, city and town treasurers throughout the Commonwealth of Virginia. In Virginia, the local treasurer is responsible for the receipt and collection, safekeeping and investing, accounting and disbursement of local government revenue.

Of primary importance to our members is the retention of an effective ad valorem tax

lien on real property. This lien is paramount to all other debts under Virginia law. In giving this lien the ultimate priority, the Virginia legislature recognized the importance of real property taxes to Virginia localities. Real property taxes are an indispensable method of funding government functions including schools, police and fire protection, sanitation and other essential government services. Under the current bankruptcy scheme, however, this first priority lien can be negated by a bankruptcy trustee acting pursuant to § 724(b).

The legislation which you have proposed would rectify this anomaly of the Bankruptcy Code. This legislation would exempt a "properly perfected unavoidable tax lien arising in connection with an ad valorem tax on real or personal property . . ." from the scope of § 724(b). This amendment is consistent with the original legislative history of this subsection, and reflects the primary importance of ad valorem taxes and tax liens in the operations of local government.

Sincerely,

KEVIN R. APPEL,
Counsel.

ADDITIONAL COSPONSORS

S. 22

At the request of Mr. MOYNIHAN, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 22, a bill to establish a bipartisan national commission to address the year 2000 computer problem.

S. 25

At the request of Mr. FEINGOLD, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 25, a bill to reform the financing of Federal elections.

S. 61

At the request of Mr. LOTT, the name of the Senator from Kansas [Mr. ROBERTS] was added as a cosponsor of S. 61, a bill to amend title 46, United States Code, to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

S. 89

At the request of Ms. SNOWE, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 89, a bill to prohibit discrimination against individuals and their family members on the basis of genetic information, or a request for genetic services.

S. 358

At the request of Mr. DEWINE, the names of the Senator from South Carolina [Mr. HOLLINGS] and the Senator from Louisiana [Ms. LANDRIEU] were added as cosponsors of S. 358, a bill to provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products, and for other purposes.

S. 493

At the request of Mr. KYL, the name of the Senator from Illinois [Mr. DURBIN] was added as a cosponsor of S. 493, a bill to amend section 1029 of title 18, United States Code, with respect to

cellular telephone cloning paraphernalia.

S. 507

At the request of Mr. HATCH, the name of the Senator from Georgia [Mr. CLELAND] was added as a cosponsor of S. 507, a bill to establish the United States Patent and Trademark Organization as a Government corporation, to amend the provisions of title 35, United States Code, relating to procedures for patent applications, commercial use of patents, reexamination reform, and for other purposes.

S. 623

At the request of Mr. INOUE, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 623, a bill to amend title 38, United States Code, to deem certain service in the organized military forces of the Government of the Commonwealth of the Philippines and the Philippine Scouts to have been active service for purposes of benefits under programs administered by the Secretary of Veterans Affairs.

S. 657

At the request of Mr. DASCHLE, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 657, a bill to amend title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive military retired pay concurrently with veterans' disability compensation.

S. 675

At the request of Mr. MCCONNELL, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 675, a bill to amend the Internal Revenue Code of 1986 to modify the application of the passive loss limitations to equine activities.

S. 769

At the request of Mr. LAUTENBERG, the name of the Senator from Illinois [Mr. DURBIN] was added as a cosponsor of S. 769, a bill to amend the provisions of the Emergency Planning and Community Right-To-Know Act of 1986 to expand the public's right to know about toxic chemical use and release, to promote pollution prevention, and for other purposes.

S. 836

At the request of Mr. ABRAHAM, the name of the Senator from Colorado [Mr. ALLARD] was added as a cosponsor of S. 836, a bill to offer small businesses certain protections from litigation expenses.

S. 995

At the request of Mr. LAUTENBERG, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 995, a bill to amend title 18, United States Code, to prohibit certain interstate conduct relating to exotic animals.

S. 1031

At the request of Mr. GRASSLEY, the names of the Senator from Alabama

(Mr. SESSIONS) and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 1031, a bill to protect Federal law enforcement officers who intervene in certain situations to protect life or prevent bodily injury.

S. 1042

At the request of Mr. CRAIG, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 1942, a bill to require country of origin labeling of perishable agricultural commodities imported into the United States and to establish penalties for violations of the labeling requirements.

S. 1059

At the request of Mr. CHAFEE, the name of the Senator from Louisiana (Mr. BREAUX) was added as a cosponsor of S. 1059, a bill to amend the National Wildlife Refuge System Administration Act of 1966 to improve the management of the National Wildlife Refuge System, and for other purposes.

S. 1062

At the request of Mr. D'AMATO, the names of the Senator from Delaware (Mr. ROTH), the Senator from Oregon (Mr. WYDEN), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 1062, a bill to authorize the President to award a gold medal on behalf of the Congress to Ecumenical Patriarch Bartholomew in recognition of his outstanding and enduring contributions toward religious understanding and peace, and for other purposes.

S. 1113

At the request of Mr. GRASSLEY, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 1113, a bill to extend certain temporary judgeships in the Federal judiciary.

SENATE RESOLUTION 111

At the request of Mr. THURMOND, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of Senate Resolution 111, a resolution designating the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week," and for other purposes.

AMENDMENT NO. 1059

At the request of Mr. FAIRCLOTH the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of amendment No. 1059 intended to be proposed to S. 1061, an original bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

AMENDMENT NO. 1069

At the request of Mr. SPECTER the names of the Senator from Alaska (Mr. STEVENS) and the Senator from Minnesota (Mr. GRAMS) were added as cosponsors of amendment No. 1069 proposed to S. 1061, an original bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

AMENDMENT NO. 1078

At the request of Mr. DURBIN the names of the Senator from California (Mrs. BOXER), the Senator from Arkansas (Mr. BUMPERS), the Senator from Ohio (Mr. DEWINE), the Senator from California (Mrs. FEINSTEIN), the Senator from New Hampshire (Mr. GREGG), the Senator from Iowa (Mr. HARKIN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Vermont (Mr. LEAHY), the Senator from Rhode Island (Mr. REED), the Senator from Maine (Ms. SNOWE), the Senator from Minnesota (Mr. WELLSTONE), and the Senator from Oregon (Mr. WYDEN) were added as cosponsors of amendment No. 1078 intended to be proposed to S. 1061, an original bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

SENATE CONCURRENT RESOLUTION 50—CONDEMNING THE BOMBING IN JERUSALEM ON SEPTEMBER 4, 1997

Mr. HUTCHINSON submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 50

Whereas on September 4, 1997, 3 bombs exploded in Jerusalem on Ben Yehuda Street, killing at least 8 people and injuring more than 165 others.

Whereas HAMAS, a terrorist organization, has a "military wing" which has claimed responsibility for this cowardly act;

Whereas Yasser Arafat, Chairman of the Palestinian Authority, has made statements in which he said "HAMAS, even its military wing is a patriotic movement.";

Whereas on August 20, 1997, Chairman Arafat publicly embraced the leader of HAMAS, Abdel Aziz al-Rantisi;

Whereas Yasser Arafat has recently ordered the release of several HAMAS terrorists being held in Palestinian Authority jails, including Nabil Sharihi, who is suspected in a bombing that killed Alisa Flatow, an American citizen;

Whereas Israel has recently given Yasser Arafat a list of 150 suspected terrorists who are presently residing in Palestinian-controlled territory;

Whereas Yasser Arafat has made public statements in which he vowed not to "bow down" to Israeli requests that he arrests suspected terrorists;

Whereas since the beginning of the Oslo peace process, over 260 Israelis have been killed, and hundreds more have been injured, far more than in a similar period before the peace process began; and

Whereas in violation of the Oslo Accords, the Palestinian Authority has withheld full security cooperation with the State of Israel, which may have made this attack more likely; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) condemns in the strongest possible terms this latest bombing and those responsible for encouraging or inciting such cowardly acts;

Whereas (2) expresses its deepest condolences to the families of the victims of this

latest bombing and expresses its solidarity with the people of the State of Israel in this tragic time;

(3) reaffirms that the United States should fully cooperate with the State of Israel in helping to stem the tide of terrorism, which has threatened the Oslo peace process and the stability of this vital region; and

(4) affirms that the United States should provide no monetary or other assistance to the Palestinian Authority until it has fulfilled its obligations under the Oslo Accords, including—

(A) taking affirmative steps to arrest and prosecute suspected terrorists;

(B) resuming full security and intelligence cooperation with the State of Israel;

(C) taking affirmative steps to confiscate all unlicensed weapons and explosives;

(D) publicly condemning in Arabic this most recent terrorist act and other such acts;

(E) prohibiting participation in the Palestinian security services of individuals suspected of committing terrorist acts;

(F) ceasing all anti-Israeli rhetoric, including statements which refer to terrorist groups as "patriotic", statements which praise terrorists or terrorist leaders, and statements encouraging a "battle" or "jiha" against Israel;

(G) cooperating with Israel in the transfer of suspected terrorists to Israel to stand trial;

(H) rescinding the proclamation that the death penalty would be imposed for the sale of land to Jews or Israelis;

(I) ceasing the use of maps depicting "Palestine" as encompassing the entire State of Israel;

(J) completing the process of amending the covenant of the Palestinian Liberation Organization, including the recession of those specific articles which call for armed struggle to liberate "Palestine" or question the legitimacy of Zionism or the State of Israel; and

(K) taking affirmative steps to reduce the size of the Palestinian police force, in accordance with the limits set forth in the Oslo and subsequent accords.

Mr. HUTCHINSON. Mr. President, I rise today, along with my friend and colleague Congressman JIM SEXTON, to submit a concurrent resolution that condemns, in the strongest possible terms, today's bombing in Jerusalem on Ben Yehuda Street.

Three bombs exploded in Jerusalem today killing at least 8 people and injuring more than 165 others. Mr. President, once again the world watches in horror as innocent citizens get blown up in a Jerusalem marketplace.

Just weeks after a tragic bombing incident in July, Yasser Arafat publicly embraced the leader of Hamas. Two weeks later, today, three more bombs kill and maim civilians on a crowded shopping street in Jerusalem.

Mr. President, I am outraged by these continued terrorist actions under the watch of the Palestinian Authority.

Mr. President, among other things, the resolution that I offer today would require Congress to:

Reaffirm that the United States should fully cooperate with the state of Israel in helping to stem the tide of terrorism, which has threatened the Oslo process and the stability of this vital region; express its deepest condolences to the families of the victims of