

the cover over to the full amount. In particular, the government of the Virgin Islands desperately needs the revenue from the full cover over as they are currently in critical economic straits.

In addition to restoring the cover over, this bill will also provide funding for the Conservation Trust Fund of Puerto Rico. The Fund has been very successful in preserving the natural resources of the Island for the people of Puerto Rico. In conjunction with the Governor of Puerto Rico and the U.S. Department of the Interior, we developed a plan to direct 50 cents of the per gallon rum tax to the Trust Fund for 5 years. This funding would allow the Trust to finish building their endowment in order to fund their operations in perpetuity.

I want to thank my colleagues who have lent their support in different ways to these proposals: CHARLIE RANGEL, CARLOS ROMERO-BARCELÓ, JERRY WELLER, DONNA CHRISTENSEN, NANCY JOHNSON, PHIL ENGLISH, J.D. HAYWORTH and MARK FOLEY. I urge the rest of my colleagues to support us in these efforts.

HONORING TOLEDO METAL
SPINNING COMPANY

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Ms. KAPTUR. Mr. Speaker, I rise today to congratulate Toledo Metal Spinning Company (TMS), a business in my district recently honored as one of only six recipients of the Blue Chip Enterprise Initiative Award. This award, given to companies who have overcome both internal and external struggles throughout their organization, was extended to TMS in recognition of their exceptional ability to cope and rebuild virtually their entire business after a fire ravaged their operation.

TMS Vice Presidents Eric and Craig Frankhauser are to be commended for their efforts to restore their corporation. After a disastrous fire that destroyed much of the plant in February 1998, the two brothers worked tirelessly to fulfill customer orders and remain in production mode. Remarkably, five days after the fire, the company was back online and serving its customers with the same level of professionalism and courtesy as before the tragedy. Clients turn to TMS for a wide range of products including parts for missiles, passenger jets, and military aircraft, as well as stainless steel, cone-shaped hoppers used for countless purposes from releasing fruit into yogurt to processing pills.

As the Frankhausers rebuilt their facility their innovation and ingenuity led the way. Forced to rebuild not only their physical building but also their business structure, the Frankhausers revamped their entire production operation. They redesigned the company's production system, stressing flexibility of machinery and workers. The two owners realized both the importance of giving their employees more responsibility and the success that results as workers interact with each other.

Despite the terrible fire, their improved operation successfully kept sales at 83 percent of 1997 levels. The Frankhausers and all of those employed at TMS have created a family business by which all companies should fol-

low. TMS will be paid a tribute this week as it receives the Blue Chip Enterprise Initiative Award, which is co-sponsored in part by the U.S. Chamber of Commerce.

On behalf of the citizens of Ohio's Ninth Congressional District, I rise to congratulate TMS, the Frankhausers, and the many employees for their outstanding success and innovation as they stood in the face of disaster. The TMS example is certainly a business model to be followed as we enter the next millennium.

PERSONAL EXPLANATION

HON. JOHN M. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. McHUGH. Mr. Speaker, I respectfully request the RECORD reflect that an error occurred with regard to my vote on Mr. Goss's amendment which prohibits DOD funding to maintain a permanent U.S. military presence in Haiti beyond December 31, 1999. On June 9, I was recorded as voting "nay" on rollcall No. 183 when in fact I voted "aye" on the amendment.

COMMEMORATING THE BICENTEN-
NIAL OF CAYUGA COUNTY

HON. JAMES T. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. WALSH. Mr. Speaker, today I ask my colleagues to join me in recognizing the 200th Anniversary of Cayuga County, located in my home district in upstate New York. It has a proud and distinguished history.

Cayuga County was established by the State Legislature as the 28th designated county in New York State. Many of the first settlers were veterans of the Revolutionary War, such as Colonel John Hardenbergh, whose settlement grew to become the City of Auburn. Auburn eventually became the largest community in the State west of Utica in the early years, as it served as a junction of the major turnpikes traveled by the westward settlers.

Many prominent political and historical figures who helped to shape our nation were citizens of Cayuga County, including Millard Fillmore, the 13th President of the United States; William H. Seward, the Governor of New York State from 1838–1842, a United States Senator from 1849–1861, and the Secretary of State for Presidents Lincoln and Johnson; Enos Throop, who served as a representative in Congress from 1814–1816, the Lieutenant Governor, and later as Governor of New York State; John Tabor, the last Republican full Appropriations Committee Chairman from New York State from 1952–54, and abolitionist Harriet Tubman. Additionally, inventions that have invaluable contributed to our way of life and which stem from Cayuga County include harvesters, carriage axles, threshing machines, adding machines, and motion picture sound.

Today, Auburn is the industrial center of Cayuga County with the production of shoes, carpets, rope, railroad locomotives, air conditioners, and electronic components. Cayuga

County has three state parks, encourages higher education through Wells College and Cayuga County Community College, and is home to the Cayuga Museum of History and Art and the Schweinfurth Art Center.

The Cayuga County Legislature recently held its May monthly meeting at Wells College in Aurora, the city where the county's first government meeting took place on May 28, 1799. A Harriet Tubman pilgrimage and a Red Cross barbecue were held during the Memorial Day weekend to commemorate the bicentennial, and upcoming anniversary events this summer include the Southern Cayuga Garden Club Tour, The Wall that Heals Vietnam Memorial at Emerson Park, and a Civil War sampler at the Morgan Opera House.

In the words of the county legislature, Cayuga County's quiescent, yet noble history, its diversified resources and its scenic beauty reveal that the region remains as impressive and promising today as it undoubtedly appeared to the entrepreneurial settlers 200 years ago.

It is my distinct honor to represent the descendants and subsequent residents of this outstanding community.

IN HONOR OF THE NINTH ANNI-
VERSARY OF CROATIAN STATE-
HOOD DAY

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. KUCINICH. Mr. Speaker, today I rise, as a Croatian-American, to join my fellow brothers and sisters in honor of the ninth anniversary of Croatian Statehood Day.

Nine years ago Croatia took a monumental step towards democracy and independence, fulfilling the life-long dream of many, by declaring statehood. With the fall of the Berlin Wall, Communism's grip over Eastern Europe began to crumble, and by the late 1980's democratic movements developed in many countries. In Croatia, a progressive movement was started with the goal to form an alternative to the Communist Party which had been in power since 1945.

In April of 1990 elections were held in which the Communist Party was defeated in a landslide, and representatives from many new political parties were elected to the Parliament. The first meeting of this new democratically elected Parliament was on May 30, 1990. This occasion is a reason for Croatians all over the world to celebrate their country's historic movement towards independence and democracy.

I ask my fellow colleagues to join me, and my Croatian brothers and sisters, in celebrating Croatia's Statehood and congratulating them on nine years of independence.

A TRIBUTE TO THE LATE DR.
STANLEY WISSMAN

HON. MARK E. SOUDER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. SOUDER. Mr. Speaker, many members of the community in my district were saddened

at the recent untimely death of Dr. Stanley Wissman of Fort Wayne.

Dr. Wissman made many valuable contributions to the Northeast Indiana medical community and was particularly known for his kindness to his patients and their families. I would like to extend my condolences to his family and to include in the RECORD a recent editorial from the Fort Wayne Journal Gazette discussing his life and work.

[The Journal Gazette, Thursday, May 27, 1999]

WISSMAN SET EXAMPLES BOTH UNIQUE AND UNIVERSAL

Death—especially unexpected death—has a perverse ability to highlight a life, to bring its finest qualities to the surface and leave them shining in the memories of friends and loved ones.

In so doing, it honors those traits in us all.

Stanley Wissman's sudden death is having that affect at Parkview Hospital this week. The beloved neurologist and patient champion was only 52 when he died Monday, and the shock is still rippling across the hospital and the regional medical community.

In a time of national anguish about values and character, Wissman demonstrated why people still have hope for our cantankerous species.

The resume is only part of the story. Yes, Wissman was an avid medical researcher. Yes, he was a visionary administrator for the hospital's rehabilitation unit. And, yes, he was an enthusiastic educator; he and his wife, Mary Ann, worked together on a program called "Brain Attack" to teach medical workers and the public that damage from strokes can be reduced by quick response.

But it is Stanley Wissman's easy approachability—his warm humaneness—that his colleagues recall so sadly.

Rebutting all the stereotypes of aloof and busy physicians in the era of managed care, he is remembered as a gentleman who found time to really listen to patients—as well as to co-workers on any step of the hospital hierarchy.

Being brilliant and accomplished and acclaimed are all quite wonderful—and rare. In the end, however, anyone can be like Stanley Wissman. All it takes is a little kindness.

Stanley D. Wissman, M.D., 52, died Monday at Parkview Hospital. Born in Fort Wayne, he was a doctor with Fort Wayne Neurological Center since 1976. He was also a medical director of the rehabilitation unit and chairman of the neurology subcommittee at Parkview Hospital and associate clinical professor of Neurology at Indiana University School of Medicine in Indianapolis. Surviving are his wife, Mary Ann; two daughters, Jennifer Rosenkranz of Reno, Nev., and Alicia Jordan of Nashville, Tenn.; a son, Stephen of Nashville; a stepdaughter, Andrea Tone of Fort Wayne; a stepson, Alex Tone of Fort Wayne; his mother, Ruth L. Wissman of Fort Wayne; two brothers, William W. of Indianapolis and Gary L. of Fort Wayne; a sister, Karen Lewis of Fort Wayne; and a grandchild. Services at 11:30 a.m. Thursday at St. Charles Borromeo Catholic Church, 4916 Trier Road, with calling an hour before services. Calling also from 2 to 8 p.m. Wednesday at D.O. McComb & sons Maplewood Park Funeral Home, 4017 Maplecrest Road. Burial in Catholic Cemetery. Memorials to Bishop Dwenger High School Tuition Assistance or Ryan Kanning Muscular Dystrophy Fund.

THE INTRODUCTION OF THE ESOP PROMOTION ACT OF 1999

HON. CASS BALLENGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. BALLENGER. Mr. Speaker, I come before the House today to introduce legislation to promote more employee ownership in America. I believe this is a modest proposal which can be deemed technical and clarifying in many respects. Entitled the "ESOP Promotion Act of 1999," this bill builds on legislation I introduced in the 102nd, 103rd, 104th and 105th Congresses with bipartisan support. Nearly 100 sitting members of this House have co-sponsored this legislation over the years and, if former members are included, the number is over 200.

Mr. Speaker, let me point out that the last Congress aided the creation of employee ownership through Employee Stock Ownership Plans (or ESOPs) by enabling a Subchapter S corporation to sponsor an ESOP. This provision was added to the Balanced Budget Act of 1997 (Public Law 105-34) by Senator JOHN BREAUX in the Senate Finance Committee and has been part of my ESOP bills since 1990. The effort to have these small businesses offer employee ownership to their employees started in 1987. Many private sector groups, representing both professionals and businesses, have supported permitting Subchapter S corporations to sponsor ESOP's. I am grateful to my colleagues for their support of this important change in the code.

I encourage my colleagues in the 106th Congress to stand up for employee ownership and enhance the positive record for one of the most encouraging economic trends in America today—ownership by employees of stock in the companies where they work through an ESOP. As many of my colleagues know, I came to Congress first and foremost with a small business background, having created an ESOP plan for the company I founded over 40 years ago. The ESOP provides a method for current owners of stock to sell, at fair market value, their stock to a trust that holds the stock for eventual distribution to employees upon their death, disability or retirement. I believe the employee ownership which we promoted at my company will continue to be a valuable retirement asset for our employees and their families for years to come.

I believe that employee ownership, properly managed, creates a win-win situation for all involved. America and our economic system benefit as we increase competitiveness through employee ownership and provide more opportunity for ownership for those who, frankly, would not have much of a chance to acquire stock ownership otherwise. Since 1989, the House has shown strong support for ESOP's, and I think it is important to confirm this support in the 106th Congress.

Allow me to explain each section of my bill:

Section 1: Names the bill "The ESOP Promotion Act of 1999."

Section 2: Current law permits a corporate deduction for dividends paid on ESOP stock that are passed through to the employees in cash or used to pay the ESOP stock acquisition debt [Internal Revenue Code Section 404(k)]. Section 2 would amend Section 404(k) to permit the deduction if the employ-

ees participating in the ESOP are allowed, as their choice, to have the dividend reinvested in more employer stock. In fact, current ESOP and 401(k) sponsors can nearly accomplish the same result under current law with a convoluted system that requires an IRS letter ruling.

Why is this simplification? Because under very complex chain of events which the IRS has approved in a series of letter rulings, the employee can have "constructive receipt" of the cash dividend, and then "constructively" take the dividend money back to the payroll office and reinvest it. Since the employee has received the dividend in cash, the deduction is allowed, although in reality it was reinvested. This legislation says cut to the chase. Where the employee has made clear a desire for the dividends to be reinvested, why have an expensive, confusing system that the IRS has to review after the ESOP sponsor spends dollars on designing the new system? The ESOP sponsor can put these resources to more productive use, and the employees can put their dividends to use in further bolstering their retirement savings with this change.

Section 3: From 1984 until 1989, an estate with share of certain closely-held corporation could transfer stock in the corporation to the corporation's ESOP, and the ESOP would assume the estate tax liability on the value of the transferred stock [former Internal Revenue Code Section 2210]. Unfortunately, the Tax Act of 1989 repealed this law which was an effective way to create more employee ownership. The proposed legislation would restore this incentive for stock to be transferred to an ESOP. No estate tax is being avoided here, it is just shifted from the estate to an American, closely-held corporation that has employee ownership through an ESOP.

Section 4: This section would current what I believe is an anomaly in the current law. Internal Revenue Code Section 1042 provides that if a seller of closely-held stock reinvests his/her proceeds from the sale in the equities of a U.S. operating corporation, the gain on the sale to the ESOP is deferred until the replacement property is disposed of, if and only if the ESOP holds at least 30% of the outstanding shares of the corporation when the sale of stock to the ESOP is completed. This provision of current law plays a major role in the creation of over 50% of the ESOP companies in America. Current law benefits owners, founders, and outside investors of closely-held companies, but it does not permit holders of stock in a closely-held corporation who acquired the stock as a condition of employment, from a plan other than an ERISA plan, to sell that stock to an ESOP and receive a deferral of the tax on the gain. Section 4 would end the different treatment for shares acquired from a compensation arrangement as a condition of employment compared to stock acquired otherwise.

Section 4 would expand the list of permissible reinvestment to U.S. mutual funds that represent U.S. operating corporation securities. This change would apply to an owner-founder or outside investor, as well as an individual who acquired the stock as a condition of employment.

Section 4 also would correct another technical anomaly in current law. As presently written, Section 1042 provides that any holder of 25% or more of any class of stock in a company cannot participate in an ESOP established with stock acquired in a Section 1042