

group to get very far, but their narrow cause has been furthered by a slick strategy of mobilizing a vast cross-section of the American public which is not even subject to the tax the tax-cutters seek to eliminate.

How can this be done, you ask? By instilling fear, by sleight-of-hand and by concealing the real facts, those seeking the cut have been able to enlist a huge portion of the taxpaying public in their selfish objective. This, dear friends, is the scenario that has brought us to where we are in the vigorous debate over the future of the federal estate tax.

By relabeling the estate tax the "death tax" (thereby maximizing all that term conjures up) and sweeping under the rug the crucial fact that the tax is only imposed on a small number of the wealthiest Americans (slightly over 1 percent of those who die each year), and then only to the extent the deceased person's assets exceed \$1 million (\$2 million for a married couple), a far larger-than-deserved army of supporters has been duped into lining up for the elimination of a tax that doesn't even affect them. In doing this, those opposing the estate tax have trotted out numerous fallacies to stir many to emotional highs. This misinformation must be scrutinized.

The estate tax can go since it raises such a small amount of revenue. This may be true if approaching 2 percent of total federal tax revenue is small. The fact is, though, just this month, due to the huge jump in wealth in this country, Treasury estimators had to increase the estate tax annual revenue estimate for next year from \$27 billion to \$31.4 billion. This puts the spot-light on the ever-widening and societally damaging economic gap between rich and poor, and the tax's larger share of revenue is going to make it politically and fiscally harder to obtain outright repeal.

Wealth has already been taxed. Since most of the wealth subject to the estate tax represents appreciation in value of assets like stock, securities, real estate and collectibles, which has not been, nor will it ever be, subject to income tax, this claim simply is not so. Because property owned by a decedent receives a new tax basis for income-tax purposes, the estate tax represents the last and only chance to tax that otherwise untaxed gain. Why should gain, generated by the huge stock market and real-estate boom and enjoyed by the wealthiest among us, escape any kind of taxation whatsoever?

Rates are unreasonably high. True, the top statutory estate-tax rate is 55 percent (reached on property in the estate in excess of \$3 million), but through sharp planning (primarily by using illusory minority and fractional interest discounts) the effective rate paid by the most well-to-do can be cut to less than half that. However, as income-tax rates are relatively flat (compared to what they were), more than one-third of the tax system's progressivity is attributable to the estate tax. Since those subject to the estate tax are those who benefit the most from the stable society that helped them prosper, there should be a place for a tax that measures the amount of taxation by the taxpayer's ability to pay and the estate tax, impacting only the very wealthiest, is designed to do that.

Cost of administration. The foes of the estate tax fallaciously trumpet that the cost to administer the estate tax exceeds the revenue it raises. A broad reading of the term "administration costs," would seem to include (1) IRS administration costs, (2) taxpayer planning costs, and (3) taxpayer compliance costs. At most, only 2 percent of the total IRS budget of about \$8 billion, or about \$150 million, is spent by it on all aspects of the estate tax. Regarding planning for the

tax, using what taxpayers actually pay to plan estates (e.g., from \$2,500 for estates less than \$2 million to \$50,000 for estates over \$40 million) the total of taxpayer planning costs, even assuming they may go through the process twice due to changes in the law, is less than \$1 billion. As to compliance, much of estate administration (e.g., listing of assets, accomplishing their transfer to heirs, etc.) would still be done even in an estate-tax-free world. Even if a generous number is used per estate in this regard, the total cost of all administration (public and private) does not exceed 7 percent of the \$30 billion revenue brought in by the estate tax.

Assets have to be sold to pay the tax. A great deal of the rhetoric on this issue revolves around the lack of liquidity to pay the estate tax and the related threat that businesses may have to be sold to pay the tax. Certainly, in large estates, sales will be necessary to pay the estate tax (note, at no income tax cost!). Most often, however, the assets sold are non-business financial assets (e.g., widely held stock or liquid real estate). In reality, the major need for liquidity arises not because the estate holds business property but, rather, because of the need to compensate, with a fair share, those heirs not wishing to stay in the business.

Further, the business in the estate is frequently sold simply because the heirs, having developed their own careers, have no desire to slave in their parents' vineyard. Most estate planners say they never see a forced sale of a business to pay the estate tax. However, since this point is really the only legitimate point opponents to the tax have raised, current scrutiny of the tax should include possible changes in the law designed to eliminate "fire-sale" business dispositions compelled to pay the IRS.

Obviously, few have a deep yearning to pay taxes. Equally obvious, all parts of our tax system can be improved. We cannot deny, however, Justice Holmes' statement that "Taxes are the price we pay for civilized society." The burden of those taxes should, though, be allocated rationally among our citizens, with those having the largest ability to pay assuming the greater responsibility. The estate-tax exemptions (presently on schedule to soon reach \$1 million, \$2 million for a married couple) are designed to exempt small and even mid-sized estates from the tax altogether, thus focusing the estate tax's impact on those with the most wealth available to pass to their heirs at death. Increasing those exemption levels to exempt even more middle-range estates may, indeed, be appropriate as more wealth is accumulated by the "near" rich. However, not only would gutting the entire estate tax knock a huge hole in federal revenues (hereby preventing the enactment of other tax cuts, such as fixing the marriage-tax penalty, designed for the far less affluent) it would be an unconscionable and unjustified boon to the very, very rich, something neither they nor this country needs.

COMMUNITY BANK OF THE BAY

HON. BARBARA LEE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 9, 1999

Ms. LEE. Mr. Speaker, I rise to recognize the significance of the establishment of the Community Bank of the Bay in the East Bay of San Francisco in the 9th Congressional District of California. Community Bank of the Bay came into existence three years ago, today, through the vision of its founding Board of Directors and many community supporters.

Community Bank of the Bay is to be recognized for several reasons: it is the first formally chartered community development bank in the State of California, and was the third such Bank in the United States.

Community Bank of the Bay was also the first bank to be authorized as a Community Development Financial Institution (CDFI) by both the United States Treasury Department and the State of California.

Community Bank of the Bay is also to be recognized, and valued because it is committed to being an equal lending bank as well as an equal employment opportunity institution. Through my constituents, I have learned that the bank, and Mr. McDaniel, the President and Chief Executive Officer, take a personal interest in reaching out to ethnic minority borrowers, of both business and multi-family loans, who have been denied loans by larger banks. The bank goes to the prospective borrower, rather than sitting in marble halls waiting to intimidate a novice entrepreneur.

Over 70% of the Bank's borrowers are located in Oakland. Over 60% of the Bank's small business loans are to entrepreneurs who have never borrowed from a bank before. The Bank has developed a highly successful lending program with no losses to date and focuses on helping its customers succeed.

It pleases me that good service to the community is recognized by the community in terms of patronage: today, the Community Bank of the Bay has grown to \$34 million in assets with over \$28 million in deposits.

The primary focus for the Bank lending remains small businesses, non-profits and multi-family housing providers in low-to-moderate income census tracts.

Mr. Speaker, I am very proud of the vision and the performance of this wonderful bank which serves an underserved community, and yet waxes strong; grows in assets and deposits, meets its payroll and sinks its ever-stronger and deeper roots into a grateful community.

On behalf of my constituents, I want to congratulate the Community Bank of the Bay on its third anniversary and look forward to celebrating many more.

RECOGNITION OF THE ALEXANDER MACOMB CITIZEN OF THE YEAR AWARD

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 9, 1999

Mr. BONIOR. Mr. Speaker, today I rise to recognize the March of Dimes 1999 Alexander Macomb Citizens of the year. Beginning in 1984, a group of leading Macomb County citizens instituted the "Alexander Macomb Citizen of the Year" award. The award was named after Gen. Alexander Macomb, the country's namesake, who was a hero of the War of 1812, repelling a superior invading force at Lake Plattsburgh, NY, which kept the United States borders intact. Since the inception of the award, more than \$500,000 has been generated for the Macomb County County March of Dimes.

The Alexander Macomb Award is presented annually to deserving individuals who have demonstrated outstanding contributions and commitment to improving the quality of life in

his/her community, the county and the State of Michigan. This year, three honorees were chosen, including a Family of the Year. This year's family honoree is the Zuccaro family. Albert and Lillian Zuccaro, and their sons Dino, Alan, Rick, and Mark have established several successful business in Macomb county. Mr. Zuccaro and his sons now own and operate Café Zuccaro, Wolverine Banquet Center, Zuccaro's Country Kitchen, and Zuccaro's Holiday House.

The Zuccaro family has actively supported several worthwhile organizations in Macomb County, including the Mount Clemens Rotary Club, the Salvation Army, the Macomb County Chamber of Commerce, and the Special Olympics. They donate to homeless shelters around Macomb, as well as safe houses for abused women and children.

I am proud to join the March of Dimes in acknowledging the wonderful tradition of community service that the Zuccaro family has started and continues within Macomb County.

YUMA CROSSING NATIONAL HERITAGE AREA

HON. ED PASTOR

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 9, 1999

Mr. PASTOR. Mr. Speaker, more than 60 years before the European settlement in Jamestown, Virginia and more than 80 years before the Pilgrims landed at Plymouth Rock, Francisco Vasquez de Coronado marched across southeastern Arizona in search of the fabled Seven Cities of Gold. To supply Coronado's expedition, Captain Hernando de Alarcon commanded three ships through the Gulf of California into the mouth of the Colorado River.

Spanish explorer Hernando de Alarcon became the first European to venture into what is now the southwest portion of the United States just below the confluence of Colorado and Gila Rivers. There they made use of a geological formation in the Lower Colorado consisting of two massive granite outcroppings, known to us as the Yuma Crossing. Alarcon's voyage is the first European discovery of the Colorado River, and the Crossing became a natural bridge which played an important role in the western settlement of the United States.

Father Eusebio Francisco Kino mapped supply routes to California through the Yuma Crossing, a route that would be used in many expeditions and by many colonists. Using the knowledge pioneered by Father Kino, Captain Juan Bautista de Anza led more than 200 settlers and herds of livestock across the treacherous Colorado River using the Yuma Crossing. Once across, Anza traveled westward across the desert to San Gabriel then turned north and established the town of San Francisco in 1776.

Kit Carson traveled the Yuma Crossing as he carried dispatches between California and New Mexico to report on the United States' successful military conquest of California in the war with Mexico in 1846. It was during the War with Mexico that Lt. Col. Phillip St. George Cooke used the Yuma Crossing to establish the Gila Trail, a passageway used by California's gold seekers, pioneers, ranchers, farmers and military.

Yuma Crossing became a strategic military location following the Mexican War. Settlers and the Quechan Indians fought for the rights to hold ferry operations across the Colorado. In 1852, Fort Yuma was established to keep the peace between settlers and the Quechans.

In addition to its strategic military importance, Yuma became a major port town and transportation hub. Steamboats were used to freight supplies, as were stagecoach and camel caravan. But as Yuma grew, more sophisticated modes of transportation were demanded, the outgrowth of which resulted in the development of the Southern Pacific railroad. With the establishment of the Southern Pacific, Yuma established itself as a major connecting point in the westward expansion of our country.

Today, the City of Yuma has a population of 60,000 residents, and it ranks behind Phoenix and Tucson in population. Aside from its rich history, it is endowed with unique ecological resources. With its rare combination of arid desert landscape, rugged mountains and river wetlands, the natural environment of the area is fascinating. It is the uniqueness of this mix of desert, riparian and aquatic habitats that have brought the citizens of the City of Yuma and Yuma County to seek to designate Yuma Crossing as a National Heritage Area, the first to seek such a designation west of the Mississippi.

Designating Yuma Crossing as a National Heritage Area will help preserve Yuma's early heritage and highlight Yuma Crossing's importance to opening the American West to exploration and settlement. The designation will also serve to preserve and protect its vital wildlife habitats and wetlands areas. Yuma Crossing is a vital link in our nation's heritage, and it is for these reasons that I am proud to introduce legislation that proposes to designate Yuma Crossing as a National Heritage Area. I urge my colleagues to support my legislation to preserve an important part in the history of the Wild West.

VETERANS ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT ACT OF 1999

HON. JAMES M. TALENT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 9, 1999

Mr. TALENT. Mr. Speaker, over the years, the Nation has recognized the debt owed to citizens who serve in defense of our Constitution and the American ideals of free speech, personal liberty, and free enterprise. H.R. 1568 builds on the best examples of this public policy from our Nation's history. From the beginning of the Republic, when the Continental Congress provided land grants to Revolutionary War veterans, we have helped veterans with self-employment and self-sufficiency. 150 years later, the 1944 Servicemen's Readjustment Act, or "G.I. Bill of Rights of World War II" provided loan guarantees for returning World War II, and later Korean War, veterans. In the ten years following, the Federal Government provided over 280,000 small business and farm loans to veterans to help include them in the post-war boom and use their talents to propel that boom.

Unfortunately, the Nation's efforts on behalf of veterans have diminished drastically in the

intervening 45 years. Over the years, the interests of veterans, particularly the service-disabled, have fallen on infertile ground. While specifically included as a priority of the SBA at its creation, the Office of Veterans Affairs and the needs of veterans have been diminished systematically at the SBA. Elimination of the direct loan program for veterans in fiscal year 1995, at then Administrator Phil Lader's request, resulted in serious diminution of financial assistance for veterans. Total loan dollars dropped from \$22 million dollars in loans in 1993 to \$10.8 million in 1998. Likewise, training and counseling for veterans dropped from 38,775 total counseling sessions for veterans in 1993 to 29,821 sessions in 1998.

Such neglect, Mr. Speaker, would turn many people away from faith in government. However, as former British Prime Minister Margaret Thatcher might say, veterans are not for turning. In November 1998, the SBA Veterans' Affairs Task Force for Entrepreneurship filed its report. The Task Force examined all SBA programs, including business development, education and training, financial assistance, government contracting, and advocacy to determine ways to improve SBA's ability to assist veterans. The Task Force identified "high priority" recommendations. These included:

Legislation to allow guaranteed loans to veterans with certified service-connected disabilities or who were POWs;

A program of comprehensive outreach to assist disabled veterans, including business training and management assistance, employment and relocation counseling, and dissemination of information on veterans benefits and veterans entitlements as required by Title VII;

A company designed to address veterans' issues regarding small business; and

Regulations that include service-disabled veteran-owned businesses as a "socially and economically disadvantaged business group" to be solicited for all federal contracts and subcontracts in a documented outreach program.

The Veterans Entrepreneurship and Small Business Development Act of 1999 (H.R. 1568), implements the SBA Veterans' Affairs Task Force's "high priority" recommendations.

First, the Task Force recommended guaranteed loan opportunities. H.R. 1568 makes veterans eligible for funds under the microloan, DELTA Loan and State Development Company programs. For example, H.R. 1568 makes veterans eligible for assistance under the SBA's microloan program which provides small loans, i.e., under \$25,000, to people seeking initial financing for small business start-up or expansion. Furthermore, H.R. 1568 requires the Small Business Administration to establish a system for loan deferrals for small business owners called up for active duty. It also requires the SBA to make economic injury disaster loans available to self-employed individuals who are called to active duty for the National Guard and reserves. These loan opportunities enable veterans to access capital markets currently available to women, low-income, minority entrepreneurs, and other business owners possessing the capability to operate successful business concerns.

Second, the Task Force identified an outreach program to assist disabled veterans in business training and management assistance, employment and relocation counseling, and dissemination of information on veterans benefits and entitlements as a priority.