I urge my colleagues to support this legislation.

INTRODUCTION OF THE FARM SUSTAINABILITY AND ANIMAL FEEDLOT ENFORCEMENT ACT

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 10, 1999

Mr. GEORGE MILLER of California. Mr. Speaker, today I introduced legislation to address the most important source of water pollution facing our country—polluted runoff. A major component of polluted runoff in many watersheds is surface and ground water pollution from concentrated animal feeding operations (CAFOs), such as large dairies, cattle feedlots, and hog and poultry farms. Under current Clean Water Act regulations, CAFOs are supposed to have no discharge of pollutants, but as a result of regulatory loopholes and lax enforcement at the state and federal levels, CAFOs are in reality major polluters in many watersheds. My bill, the Farm Sustainability and Animal Feedlot Enforcement (Farm SAFE) Act addresses these deficiencies.

Farm SAFE will require large livestock operations to do their part to reduce water pollution. The bill will lower the size threshold for CAFOs, substantially increasing the number of facilities that will have to contain animal wastes. It will require all CAFOs to obtain and abide by a National Pollution Discharge Elimination System (NPDES) permit. The bill improves water quality monitoring, recordkeeping and reporting so that the public knows which CAFOs are polluting. Farm SAFE addresses loopholes in the current regulatory program by requiring CAFOs to adopt procedures to eliminate both surface and ground water pollution resulting from the storage and disposal of animal waste. The bill directs EPA, working with USDA, to develop binding limits on the amount of animal waste that can be applied to land as fertilizer based on crop nutrient requirements. In addition, the bill makes the owners of animals raised at large facilities liable on a pro rated basis for pollution caused by those facilities.

Water quality in California's San Joaquin Valley has been degraded by unregulated discharges of waste from dairy farms. Contaminants associated with animal waste have also been linked to the outbreak of Pfiesteria in Maryland and the death of more than 100 people from infection by cryptosporidium in Milwaukee. Although considered point sources of pollution under the Clean Water Act, until recently little has been done at the federal or state levels to control water pollution from CAFOs.

In recent years, many family farms have been squeezed out by large, well capitalized factory farms. Even though there are far fewer livestock and poultry farms today than there were twenty years ago, animal production and the wastes that accompany it have increased dramatically during this period. And although farm animals annually produce 130 times more waste than human beings, its disposal goes virtually unregulated.

I am encouraged by recent efforts by the Department of Agriculture and the Environmental Protection Agency to address pollution from animal feedlots. Many of the solutions proposed by these agencies, such as comprehensive nutrient management plans for livestock operations and limiting the amount of animal wastes applied to land as fertilizer are nearly identical to some provisions of Farm SAFE. But the Administration's proposal does not go far enough. It lets too many corporate livestock polluters continue to escape compliance with the Clean Water Act by setting the regulatory threshold too high and by not making the owners of animals raised by contract farmers shoulder an appropriate share of the responsibility for water pollution from these operations.

Farm SAFE is very similar to legislation that I introduced last Congress. Although hearings were held in the Agriculture Committee on the issue of animal feedlots, the House took no action on my legislation, nor did the House take any other action to address pollution from animal feedlots. I hope that this Congress does not continue to ignore this growing national problem. The states are beginning to wake up, smell the waste lagoons, and take action. But they need our help in the form of uniform national standards. Much like when Congress stepped in the early 1970s to set uniform national standards for industrial pollution, similar standards are now needed for large point sources of agricultural pollution. Otherwise, the country will become a mosaic of differing levels of environmental protection, with farmers in some states, like North Carolina, disadvantaged by their states commendable aggressive actions to curb pollution from factory farms.

This legislation will restore confidence that we can swim and fish in our streams and rivers without getting sick. It will do much to address our number one remaining water pollution problem—polluted runoff. I hope the House will join me in the effort to clean up factory farm pollution.

SUBCHAPTER S REVISION ACT OF 1999

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 10, 1999

Mr. SHAW. Mr. Speaker, today over 2 million businesses pay taxes as S Corporations and the vast majority of these are small businesses. The S Corporation Revision Act of 1999 is targeted to these small businesses by improving their access to capital, preserving family-owned business, and lifting obsolete and burdensome restrictions that unnecessarily impede their growth. It will permit them to grow and compete in the next century.

Even after the relief provided in 1996, S corporations face substantial obstacles and limitations not imposed on other forms of entities. The rules governing S corporations need to be modernized to bring them more on par with partnerships and C corporations. For instance, S corporations are unable to attract the senior equity capital needed for their survival and growth. This bill would remove this obsolete prohibition and also provide that S corporations can attract needed financing through convertible debt.

Additionally, the bill helps preserve family-owned businesses by counting all family members as one shareholder for purposes of S corporation eligibility. Under current law, multigenerational family businesses are threatened by the 75 shareholder limit which counts each family member as one shareholder. Also, nonresident aliens would be permitted to be shareholders under rules like those now applicable to partnerships. The bill would eradicate other outmoded provisions, many of which were enacted in 1958.

The following is a detailed discussion of the bill's provisions.

TITLE I—SUBCHAPTER S EXPANSION

Subtitle A—Eligible Shareholders of an S Corporation

SEC. 101. Members of family treated as one shareholder—All family members within seven generations who own stock could elect to be treated as one shareholder. The election would be made available to only one family per corporation, must be made with the consent of all shareholders of the corporation and would remain in effect until terminated. This provision is intended to keep S corporations within families that might span several generations.

SEC. 102. Nonresident aliens—This section would provide the opportunity for aliens to invest in domestic S corporations and S corporations to operate abroad with a foreign shareholder by allowing nonresident aliens (individuals only) to own S corporation stock. Any effectively-connected U.S. income allocable to the nonresident alien would be subject to the withholding rules that currently apply to foreign partners in a partnership.

Subtitle B—Qualification and Eligibility Requirements of S Corporations

SEC. 111. Issuance of preferred stock permitted—An S corporation would be allowed to issue either convertible or plain vanilla preferred stock. Holders of preferred stock would not be treated as shareholders; thus, ineligible shareholders like corporations or partnerships could own preferred stock interests in S corporations. A payment to owners of the preferred stock would be deemed an expense rather than a dividend by the S corporation and would be taxed as ordinary income to the shareholder. Subchapter S corporations would receive the same recapitalization treatment as family-owned C corporations. This provision would afford S corporations and their shareholders badly needed access to senior equity.

SEC. 112. Safe harbor expanded to include convertible debt—An S corporation is not considered to have more than one class of stock if outstanding debt obligations to shareholders meet the 'straight debt' safe harbor. Currently, the safe harbor provides that straight debt cannot be convertible into stock. The legislation would permit a convertibility provision so long as that provision is substantially the same as one that could have been obtained by a person not related to the S corporation or S corporation shareholders.

SEC. 113. Repeal of excessive passive investment income as a termination event: This provision would repeal the current rule that terminates S corporation status for certain corporations that have both subchapter C earnings and profits and that derive more than 25 percent of their gross receipts from passive sources for three consecutive years.

SEC. 114. Repeal passive income capital gain category—The legislation would retain the rule that imposes a tax on those corporations possessing excess net passive investment income, but, to conform to the general treatment of capital gains, it would exclude

capital gains from classification as passive income. Thus, such capital gains would be subject to a maximum 20 percent rate at the shareholder level in keeping with the 1997 tax law change. Excluding capital gains also parallels their treatment under the PHC rules.

SEC. 115. Allowance of charitable contributions of inventory and scientific property—This provision would allow the same deduction for charitable contributions of inventory and scientific property used to care for the ill, needy or infants for subchapter S as for subchapter C corporations. In addition, S corporations would no longer be disqualified from making 'qualified research contributions' (charitable contributions of inventory property to educational institutions or scientific research organizations) for use in research or experimentation. The S corporation's shareholders would also be permitted to increase the basis of their stock by the excess of deductions for charitable contributions over the basis of the property contributed by the S corporation.

SEC. 116. C corporation rules to apply for fringe benefit purposes—The current rule that limits the ability of ''more-than-two-percent'' S corporation shareholder-employees to exclude certain fringe benefits from wages would be repealed for benefits other than health insurance. Under this bill, fringe benefits such as group-term life insurance would become excludable from wages for these shareholders. However, health care benefits would remain taxable to the extent provided for partners.

Subtitle C—Taxation of S Corporation Shareholders

SEC. 120. Treatment of losses to shareholders—A loss recognized by a shareholder in complete liquidation of an S corporation would be treated as a ordinary loss to the extent the shareholder's adjusted basis in the S corporation stock is attributable to ordinary income that was recognized as a result of the liquidation. Suspended passive activity losses from C corporation years would be allowed as deductions when and to the extent they would be allowed to C corporations.

Subtitle D—Effective Date

SEC. 130. Effective date—Except as otherwise provided, the amendments made by this Act shall apply to taxable years beginning after December 31, 1999.

Mr. Speaker, I urge my fellow members to review and support the S Corporation Revision Act, which will help families pass their businesses from one generation to the next and create a level playing field for small business. I look forward to working with my colleagues on the Ways and Means Committee to enact this bill.

IN MEMORY OF REVEREND DAVID LEE BRENT

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 10, 1999

Mr. SKELTON. Mr. Speaker, it is with deep sadness that I inform the House of the death of Reverend David Lee Brent of Jefferson City, Missouri.

Reverend Brent was born on June 27, 1929, in Forest City, Arkansas, the son of Will B. and Annie Mae Foreman Brent. A 1946 graduate of Benton Harbor High School, he graduated form Moody Bible Institute of Chicago, in 1957. He received his master's degree and a doctor of theology degree from Southern Baptist Theological Seminary in Georgia.

Reverend Brent served on the St. Louis Council on Human Rights, served several churches in Missouri, was co-paster of Second Christian Church, Jefferson City, MO, and was a licensed insurance agent. He was the chief human relations officer for the Missouri Department of Mental Health of 28 years.

Reverend Brent was a leader in the community, in his church, and in the local National Association for the Advancement of Colored People (NAACP). Two years ago, he became the president of the NAACP in Jefferson City. Shortly after taking the helm, he was instrumental in the formation of a city task force to study racial tensions in the public schools. Reverend Brent was the co-founder of Christians United for Racial Equality and the Black Ministerial Alliance. Reverend Brent was also a member of Tony Jenkins American Legion Post 231.

I know the House will join me in extending heartfelt condolences to his family: his wife, Estella; his two sons, five daughters, one brother, three sisters, six grandchildren, and three great-grandchildren.

LAND TRANSFER FOR SAN JUAN COLLEGE

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 10, 1999

Mr. UDALL of New Mexico. Mr. Speaker, today I introduce legislation, which is being co-sponsored by my colleague from New Mexico, HEATHER WILSON, that will transfer a parcel of federal property to San Juan College. This transfer will benefit the people of San Juan County, New Mexico—specifically the students and faculty of San Juan College. This legislation creates a situation in which all benefit by allowing the transfer of an unwanted federal land to an educational institution which can use it. Mr. Speaker, this is a companion bill to a bill that has already been introduced in the other chamber on January 21, 1999. The other bill was introduced by Senator DOMENICI and is also co-sponsored by Senator BINGAMAN, both of New Mexico.

This legislation provides for the transfer by the Secretary of Agriculture and the Secretary of Interior of real property and improvements at an abandoned and surplus ranger station for the Carson National Forest to San Juan College. This site is located in the Carson National Forest near the town of Gobernador, New Mexico. The site will continue to be used for public purposes, including educational and recreation purposes by San Juan College.

Mr. Speaker, the Forest Service has determined that this site is of no further use because the Forest Service has moved its operations to a new administrative facility in Bloomfield, New Mexico several years ago. Transferring this site to San Juan College would protect it from further deterioration.

In summary, this bill creates a situation in which all benefit: the federal government, the State of New Mexico, the people of San Juan County, and most importantly, the students and faculty of San Juan College. Since this legislation enjoys bipartisan support from the New Mexico delegation, I look forward to prompt consideration and passage of this legislation.

CLEVELAND HOMELESS PROJECT LOSES FUNDS FROM HUD

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 10, 1999

Mr. KUCINICH. Mr. Speaker, I rise today to expose a great injustice that has been committed by a federal agency against a needy population in the Cleveland metropolitan area. The victims of this injustice are homeless men who are struggling to get back on their feet and put their lives together. And the perpetrator of this injustice is the U.S. Department of Housing and Urban Development (HUD).

I have an increasing interest in the activities of HUD, given my experience with the agency over the past two years. I find dealing with HUD as a Member of Congress to be a most frustrating experience, and I must imagine the frustration felt by our constituents, who do not occupy a seat in Congress, with the agency. Indeed, HUD is a disappointment. It represents why many Americans have lost confidence in their federal government.

Today I enter into the Congressional Record a collection of letters and newspaper articles that document the following situation in Cuyahoga County.

The Department of Housing and Urban Development recently refused to provide continued funding to a very worthy program for homeless men in Cleveland because of a ''technical'' mistake. This decision has been appealed, and HUD has summarily rejected the appeal.

Since 1995, the Salvation Army in Cleveland has operated an innovative program—the PASS Program—that helps homeless men by providing a place for them to live (for up to 12 months) while they put their lives back together. The program provides counseling, job training and transition skills. The program is one component of an entire ''continuum of care'' services that are coordinated by the Cuyahoga County Office of Homeless Services. The city and the county have developed an excellent system in which government officials and community organizations work together to develop a comprehensive response to the homeless problem in the metropolitan area. The County considers the Salvation Army program as their highest priority for funding.

As an innovative effort, the PASS Program received demonstration project funds from HUD for several years. By the time they applied for another year of funding—a request of $1.5 million to support their program—this particular HUD demonstration program had been terminated. The County and the Salvation Army realized that this had happened, and contacted the appropriate HUD office in Columbus, Ohio to seek guidance.

County staff asked HUD staff whether their program would be considered a ''New'' program or a ''Renewal.'' According to the County, HUD staff did not respond one way or another. So the applicant assumed that this would be considered a Renewal, and completed the paperwork accordingly. The application was submitted to HUD in Washington, and became one of 2,600 projects that sought funding.

On December 23, 1998, when the President announced homeless grants across the country, Northeast Ohio received $9.4 million for a