

our tax laws is threatened when very wealthy individuals can avoid their responsibility as citizens by turning their backs on this country and walking away with enormous wealth.

I reject any suggestion that our bill is a form of class warfare or motivated by class envy. It is true that our bill will affect only very wealthy individuals. Only very wealthy individuals have the resources necessary to live securely outside the borders of this country as expatriates. Closing a loophole that only the extraordinarily wealthy can utilize is not class warfare. It is a matter of fundamental fairness to the rest of our citizens.

Opponents of effective reform in this area have gone so far as to suggest that those reforms would be inconsistent with our nation's historic commitment to human rights. I strongly disagree. The individuals affected by the bill are not renouncing their American citizenship because of any fundamental disagreement with our political or economic system. These individuals simply refuse to contribute to the common good in a country where the political and economic system has benefited them enormously. Some opponents have gone so far as to compare the plight of these wealthy expatriates to the plight of the persecuted Jews attempting to flee Russia. That argument is worthy of contempt. Our bill imposes no barrier to departure. Indeed, most expatriates have physically departed from this country before they renounce their citizenship.

For reasons that continue to puzzle me, there was bitter partisan dispute in 1995 over this issue. The partisan nature of that debate obscured the fact that there was a genuine bipartisan consensus that tax avoidance by renouncing one's American citizenship should not be tolerated.

The dispute during 1995 involved an argument over the appropriate mechanism to be used to address tax-motivated expatriation. The Clinton Administration, the Senate on a bipartisan basis, and the House Democrats all supported legislation that would have imposed an immediate tax on the unrealized appreciation in the value of the expatriate's assets. The House Republicans supported a provision that imposed a tax on the U.S. source income of the expatriate for the 10-year period following expatriation. Armed with revenue estimates from the Joint Committee on Taxation that showed their version as raising more money, the House Republicans prevailed and, in 1996, enacted their version of the expatriation legislation.

A recent article in *Forbes Magazine* summarized the effect of the 1996 legislation as follows: "It ain't workin'." Although the law appears to be draconian on its face, there are plenty of loopholes. In the first quarter of 1999 alone, a grandson of J. Paul Getty; a son of the shipping magnate Jacob Stolt-Nielsen; and Joseph J. Bogdanovich, the son of the Star-Kist mogul, took advantage of those loopholes. The article suggests that many other expatriates deliberately have lost citizenship without formally renouncing it, believing that was a simple way to avoid the 1996 Act.

The 1996 legislation made several modifications to ineffective prior law expatriation provisions. It eliminated the requirement to show a tax-avoidance motive in most cases and eliminated one simple method of avoiding the rules, involving transfers of U.S. assets to foreign corporations. There were many other ways of avoiding those rules such as delaying

gains, monetizing assets without recognition of gains, and investing indirectly through derivatives. Those techniques were left untouched.

The 1996 legislation made no serious attempt to prevent the avoidance of the estate and gift taxes, even though expatriation has been described as the ultimate technique in avoiding estate and gift taxes. Bill Gates, one of the wealthiest individuals in the world, has approximately \$90 billion in assets. If he were to die or transfer those assets to his children by gift, the potential liability would be substantial. If Bill Gates were to expatriate, he could immediately make unlimited gifts in cash to his children without any gift tax liability. If he expatriated ten years before he died, his entire \$90 billion stake in Microsoft could be transferred to his heirs with no income tax or estate tax ever being imposed on that accumulation of wealth.

Chairman ARCHER recently sent a letter to the staff of the Joint Committee on Taxation requesting a study and report on the 1996 expatriation legislation. I welcome that letter as an implicit recognition that the Congress should return to the issue of tax motivated expatriation. However, I believe the time for study has passed. In 1995, the Joint Committee on Taxation issued an unprecedented 140-page report on this issue. The Chief of Staff of the Joint Committee on Taxation testified at length on this issue in several congressional hearings. Further studies now only will be used as an excuse for delaying action on this issue. That delay will provide a window of opportunity for those considering tax motivated expatriation. It is time for the Members of Congress, not their staff, to make decisions and take action on this issue.

Following is a brief summary of my bill.

SUMMARY OF BILL

The bill would impose a tax on the unrealized appreciation in the value of an expatriate's assets. The amount of that tax would be determined as if the expatriate has sold his assets for their fair market value on the date that he expatriates. To the extent that those assets are capital assets, the preferential capital gains tax rates would apply.

The bill exempts the first \$600,000 (\$1.2 million for a married couple) of appreciation from the tax. It also exempts U.S. real property interests and interests in retirement plans.

The expatriate would be provided an election to defer the tax with interest until the property is sold.

The bill would eliminate the ability to avoid estate and gift taxes through expatriation by imposing a tax on the receipt by U.S. citizens of gifts or bequests from expatriates. The new tax would not apply in circumstances where the gift or bequest was otherwise subject to U.S. estate or gift taxes. In addition, the new tax would be reduced by any foreign estate or gift tax paid on the gift or bequest.

The bill would eliminate the ability to expatriate on an informal basis. It would require a formal renunciation of citizenship before an individual could avoid tax as a U.S. citizen.

Generally, the bill would apply to individuals formally renouncing their citizenship after the date of action by the Committee on Ways and Means. The provisions designed to prevent avoidance of estate and gift taxes would apply to gifts and bequests received after such date.

TRIBUTE TO LES HODGSON

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. ORTIZ. Mr. Speaker, I rise today to commend Les Hodgson, of Brownsville, Texas, who won an award from the National Oceanic and Atmospheric Administration (NOAA) on September 27 and will be in Washington, DC, tomorrow to receive his award.

Les Hodgson is being noted for his volunteer work to save the Kemp's Ridley sea turtles. Les was named Volunteer of the Year as a recipient of the 1999 Walter B. Jones Memorial and NOAA Excellence Awards for Coastal and Ocean Resource Management. Walter Jones was a colleague of ours here in the House, and he chaired the Merchant Marine and Fisheries Committee in the early 1990s when I was a member. I am very proud of Les for the very important environmental work he does in volunteering to help save Kemp's Ridley sea turtles.

Les is a widely-respected and hard working man. Camping with his dad when he was young instilled a healthy respect for the environment that surrounds us. As co-owner of a shrimping business, his volunteer work to save the Kemp's Ridley sea turtles is very unique. He spends his own time and money patrolling the South Texas beaches to find turtle nests during nesting seasons. Additionally, he has used his relationship with other organizations, such as the National Fisheries Institute (NFI), of which he is past president and the Texas Shrimp Association, to successfully supplement support for these conservation efforts.

In 1996, Les helped Ocean Trust, a nonprofit research and education foundation that protects ocean resources, get access to the turtle camps to produce a film on the Kemp's Ridley. In 1997, he began building a camp at Tepehaujes, the 2nd-largest nesting beach north of Rancho Nuevo. He persuaded the NFI Shrimp Council to donate \$30,000; Les himself purchased building materials and donated labor from his company, and organized the volunteers.

When the camp was dedicated, Les stood in the back, crediting the people he persuaded to help make this a reality. When Ocean Trust named him The Outstanding Steward in Marine Conservation in Los Angeles, typically, Les was unable to personally accept the award since he was leading a group of turtle project officials to Mexico. Les is indeed the man for this high honor.

I ask my colleagues to join me today in recognizing the everyday excellence in our communities who labor to leave this world in a better shape than when we began. Please join me in commending Les Hodgson for his unselfish efforts to better the environment.

SALUTING PATIENT APPRECIATION DAY

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. KILDEE. Mr. Speaker, I rise today to join with the Genesee County Medical Society

in paying tribute to patients around the country. The Genesee County Medical Society, a dedicated group of doctors in my district, recently passed a resolution designating the third Tuesday of October "Patient Appreciation Day." I applaud their desire to reciprocate the appreciation patients have for doctors and I join them in calling on other doctors to take a moment to recognize their patients.

When patients go to visit their doctors, they are generally sick and vulnerable. It is comforting for all of us who have been patients to know that the trust and respect that patients have for doctors goes both ways. As medical technology evolves, it is particularly reassuring to know that doctors appreciate the human element of care as much as we do.

On this Patient Appreciation Day, I hope you will join me and the Genesee County Medical Society in paying respect to the deep doctor-patient bond.

HONORING THE PRIME MINISTER OF ARMENIA, VASKEN SARKISSIAN AND DZOVINAR SARKISSIAN

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to honor His Excellency Vasken Sarkissian, the Prime Minister of Armenia. Mr. Sarkissian visited the United States Capitol earlier this month on the occasion of the birth of his niece, Dzovinar Sarkissian, on October 11, 1999.

I want to congratulate the proud parents of Aram Sarkissian and his wife Arine, along with grandparents, Zavena and Gretta Sarkissian.

Prime Minister Sarkissian is the former Defense Minister of Armenia.

Mr. Speaker, I want to congratulate Aram and Arine Sarkissian for the arrival of their child Dzovinar Sarkissian and I thank Prime Minister Vasken Sarkissian for making a visit to our nation's Capitol. I urge my colleagues to join me in wishing the Sarkissian family many more years of good health and success.

KNOW YOUR CALLER ACT OF 1999

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. FRELINGHUYSEN. Mr. Speaker, I rise today to introduce a bill to prohibit telephone marketing companies, when making solicitation calls, from using any method to block or circumvent a recipient's caller identification service. The Know Your Caller Act of 1999 will provide much needed consumer protection for telephone subscribers who also pay for caller identification services. I urge my colleagues to join me in cosponsoring this bill.

At all times of the day, but especially after work, during dinner, inevitably the telephone rings and our activities are interrupted to answer the telephone to hear an unsolicited telemarketer trying to sell you some product. You may politely explain you are not interested and ask the person to please identify on whose

behalf they are soliciting so you can request to be placed on their do-not-call list and the next thing you know the person hangs up the telephone and you are unable to identify which company has invaded the sanctity of your home. To combat and filter out these "nuisance calls" and tactics people pay a monthly fee to subscribe to a caller identification service. It is a disgrace that some companies can block a subscriber's caller identification service.

I have received many letters from my constituents who have subscribed to a caller identification service and they are outraged that telephone solicitors can deliberately block their service. Let me quote one of my constituents "I have been receiving numerous telephone calls from unidentified numbers. I have caller identification service on my private telephone line, but the calling numbers are not displayed. I think it is intolerable and it constitutes a flagrant violation of my rights. I pay for a telephone line and caller identification service to avoid the hassles of telemarketing solicitations, but I do not feel I am getting my money's worth."

Mr. Speaker, in closing, this legislation would provide much needed consumer protection from telemarketing solicitors who block caller identification devices. People with a caller identification service should be able to identify telephone solicitors and have the ability to telephone them back to request to be put on their do-not call list. This bill would require telephone solicitors to display their name and a working telephone number on caller identification devices and prohibit the use of any method to block or alter such a display.

THE BAYS CASE

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 19, 1999

Mr. PAYNE. Mr. Speaker, I rise today to bring an issue to this House's attention. I would like to make public an article on the BAYS case. To the consternation of Argentine officials, the Buenos Aires Yoga School (BAYS) affair is assuming a rising profile on the sparsely populated plains of U.S.-Argentine relations. More than 50 Democratic and Republican House members have now sent letters to President Menem asking him to halt in the persecuting of the literary and social organization. The 300-strong group, which includes some illustrious intellectuals, has shrunk from a peak membership of 1,000 due to the unremitting harassment it has suffered at the hands of the authorities.

For six years, the case has been enmeshed in Argentina's stygian court system, which has been classified by several international business groups as being among the world's most corrupt. Six years ago, when the case first broke, the local press saw BAYS as an Argentine version of Jonestown, even though not a single reporter bothered to closely investigate any of the specious charges lodged against it. Argentina's journalists now see this as a pot-boiler performance which many have come to regret. After a first wave of tabloid journalism faded, a code of silence descended on the case until recently, when several young BAYS members, with no budget, came to Wash-

ington and proceeded to work Congress in search of the justice they were denied in their native country. President Clinton has now written two letters on the case, expressing his concern over the apparent malfunctioning of proper legal procedures. He has also asked that the U.S. embassy in Buenos Aires "encourage Argentine authorities to respond fully to congressional correspondence on this matter."

BEWITCHED AND BEWILDERED

The BAYS case was originally presided over by Judge Mariano Bergés from December 1993 until November 1995 when, after a short interregnum, it was taken over by Judge Julio Cesar Corvalán de la Colina. As a result of these excesses, Bergés was brought before the Argentine Congress' Impeachment Committee on charges of non-professional behavior involving 138 irregularities and several serious crimes regarding BAYS alone. Radical Party members on the committee supported Bergés, which startled many observers wary of the Party's corruption problems stemming from the Alfonsín-led Radical government of the 1980s. But, in spite of its delegation's stance, the entire Impeachment committee moved to indict Bergés for abuse of power and failure in his public duties. He insisted that BAYS had "cast a spell on him," and then withdrew from the case. Although no ultimate action was taken, the case eventually was handed over to Corvalán, who now presides.

DR. CORVALÁN, PSYCHIATRIST

Instead of applying responsible jurisprudence in the BAYS case, Judge Corvalán grossly compounded his predecessor's malfeasance. Engaging in flagrant misuse of his powers, Corvalán emulated the worst practices of the Stalinist era by condemning BAYS members on grounds of poor mental health, without considering due process. Corvalán, who was appointed to the bench under the Argentine military junta (and maintained his position due to Alfonsín's intervention), declared the two BAYS members "mentally incompetent," and awarded legal custody over them to their long-estranged mothers. His ruling was upheld by an Appellate Court, even though the psychological exams of the BAYS defendants were administered by a court-appointed forensic team, and showed them of sound mind. These mental health specialists also established that one defendant has been sexually abused by her family. If this wasn't Argentina—a country featuring daily scandals—it would be inconceivable that a judge, ignoring expert testimony and with no concrete evidence, would award custody of a 27-year old woman to the very person who she previously had charged with sexual depravity. After being armed with such powers, the mother promptly filed a bondage suit against BAYS in the name of her daughter. After a recent mission to Argentina by the Council on Hemisphere Affairs, the members expressed their concern in a letter to President Clinton: "The Delegation found many legal and judicial irregularities. . . ." Argentine human rights organizations have begun to denounce the anti-BAYS actions committed by judicial officials.

Nobel laureate, Adolfo Perez Esquivel found that Corvalán's ruling on BAYS "begs to be investigated," and the famed Mothers of Plaza de Mayo concluded that he had violated Article 16 of the International Treaty on Civil and Political Rights. The Grandmothers of the Plaza de Mayo maintained that Corvalán's actions "are similar to those committed against