

Congress directed. The Medicare Balanced Budget Refinement Act corrects this problem and restores vital funding to the Medicare program to allow health care providers to meet the needs of their communities.

This important legislation will ease the financial crisis which has threatened the quality of health care service for millions of Americans. I am pleased we have been able to work in a bipartisan fashion to bring relief to the small rural community hospitals which provides the foundation for rural America.

I am hopeful that in addition to the supporting this legislation, the Health Care Financing Administration will make the needed administrative changes to ensure that small rural hospitals will receive adequate Medicare reimbursement. I look forward to working with HCFA and member of both political parties to restore balance to the Medicare system.

THE ARTISTS' CONTRIBUTION TO
AMERICAN HERITAGE ACT

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 8, 1999

Mr. HOUGHTON. Mr. Speaker, I am pleased to join my colleague from Maryland, Mr. CARDIN, together with a bipartisan group of our colleagues, in introducing the "Artists' Contribution to American Heritage Act of 1999." The bill would alleviate an unfairness in the tax law as it applies to charitable donations of property by the taxpayer/creator and significantly enhance the ability of museums and public libraries to acquire important original works by artists, writers and composers, and ensure the preservation of these works for future generations.

Since 1969, the law has provided that the creator of the artistic property is only allowed a charitable deduction equal to the cost of the materials that went into the property. For example, an established artist who donates a painting to the local museum is allowed a deduction for the cost of the canvas, brushes and paint, etc., used to produce the painting. Of course, these amounts are de minimis. There is no real tax incentive to contribute such works of art for the public to enjoy. In fact, the tax law works in the other direction. It makes more financial sense to the creator to sell his or her work. If a collector or art buff buys a painting that appreciates over time, because the artist becomes well-established or was a known and collected artist when the painting was purchased, the collector is allowed a deduction for fair market value when the painting is contributed to the local museum. This is the fairness issue.

There has not always been such disparate tax treatment. Before 1969, the artists/taxpayers received the same treatment—the deduction was based on fair market value. The law was changed, primarily because of the perception that some taxpayers were taking advantage of the law through less than accurate valuations of their charitable gifts.

After the change in 1969, gifts of donor generated art work (paintings, manuscripts, compositions, artistic and historically significant correspondence and papers) to qualifying charitable organizations and governmental entities dropped significantly. Creators were

more likely to sell their works than to contribute them. Tom Downey, a former colleague of ours, introduced similar legislation in 1985. In his floor statement he noted that Igor Stravinsky had planned to donate his papers to the Music Division of the Library of Congress the month the 1969 tax change was signed into law. Instead, the papers were sold to a private foundation in Switzerland. Now, 14 years later the situation has not improved. It is time to change our law to encourage rather than discourage such contributions.

There have been significant changes in the valuation process since 1969. All taxpayers making charitable contributions of art work (other than donor generated art work) are required to: (a) provide and/or retain relevant information as to the value of the gift, (b) provide appraisals by qualified appraisers or, in some cases, (c) subject them to review by the IRS's Art Advisory Panel, depending on the dollar amount of the contribution. These changes would apply to creator-donated property under our proposal.

In addition to the valuation safeguards already in the law, our proposal would add additional protections to prevent abuse. These include the following: (a) limiting the value of the deduction to the amount of income the creator received from similar property, (b) providing that the deduction can only be claimed in the year of contribution, i.e., the carryover rules do not apply, (c) limiting the deduction to property created at least 18 months before the contribution, (d) limiting the deduction to gifts related to the purpose of the institution which receives it, and (e) excluding contributions of property (letters, memos, etc.) created by taxpayers in their role as employees or officers of an organization.

The benefit to the nation when artists are encouraged to contribute their work during their lifetime cannot be overemphasized. It allows the public, historians, scholars and others to learn from the artist his/hers aesthetic aims for the work; how it was intended to be displayed, performed, or interpreted; and what influences affected the artist.

Our proposal represents an important step in providing some tax incentive, with needed safeguards, for the creators and moves toward putting them on the same footing as collectors who contribute similar property. Most importantly, it could make the difference in a decision by the creator/donator to contribute some of their created art works to a museum or public library, rather than sell them in the marketplace. That way important works are preserved in the public domain and we all benefit. We urge our colleagues to join us in cosponsoring this legislation.

A TRIBUTE TO JIM COX FOR 30
YEARS AS CITY MANAGER OF
VICTORVILLE, CALIFORNIA

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 8, 1999

Mr. LEWIS of California. Mr. Speaker, I would like today to recognize the remarkable career of Jim Cox, who came to Victorville, California in 1967 as an administrative assistant, became city manager in 1969 and guided the city in that position for 30 years until his recent retirement.

Jim Cox began his public service—and his time in California—when he joined the Navy at 17 and moved to San Diego to be a medic. He first joined city government as an intern in La Mesa, California, while attending San Diego State College. After serving as assistant city manager of Indio for two years, he went to work in the Mojave Desert hub of Victorville—population 11,290.

He quickly took on increasing responsibility, going from administrative assistant in charge of finance and personnel, to Director of Planning, Assistant City Manager, and finally City Manager in December 1969.

The city budget that year was \$750,000. His final budget, submitted this year, was for \$72 million, for a city with a population of 63,478.

As one of the longest-serving managers in California, Jim Cox provided a stabilizing influence not only for his rapidly growing city, but also for the entire Victor Valley, whose population has grown ten-fold in the past 30 years. He was instrumental in helping the region weather the closure of George Air Force Base in 1988, and its economic revival over the past 10 years.

Adding to his extensive public service credentials, Cox is a California Redevelopment Association director and on the Revenue and Taxation Committee for the League of California Cities. He is chairman for the Victor Valley Transit Board of Directors and served on the County Formation Review Committee.

He is an instructor with a lifetime teaching credential at California State University, San Bernardino and at Victor Valley Community College. His community activities include the Victorville Chamber of Commerce Board of Directors and Rotary International.

Mr. Speaker, Jim Cox has been justifiably credited with helping Victorville and the Victor Valley grow from a desert hamlet to a vital, successful city in one of the fastest-growing areas of California. Please join me in congratulating him on his years of public service, and wishing him well in his future endeavors.

REPUBLICANS BLOCK DEMOCRATS
FROM OFFERING MAJOR IMPROVEMENTS TO MEDICARE

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 8, 1999

Mr. STARK. Mr. Speaker, last Friday, the House passed an okay Medicare improvements bill.

But it could have been much better; it could have helped seniors get a better price for pharmaceuticals; it could have helped low-income women fight cancer; it could have provided more help to providers hurt by excessive cuts in the 1997 Balanced Budget Act. But Republicans blocked any amendments to the bill—they did not want to be embarrassed by having to vote against helping seniors with the high costs of drugs.

Following is a letter which 119 Democrats (many more would have signed if we had had more time) sent to the Speaker, outlining our request for amendments to H.R. 3075.

Mr. Speaker, the majority should be ashamed for a legislative gag rule that prevented us from improving this legislation.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, November 4, 1999.
Hon. DENNIS HASTERT,
Speaker of the U.S. House of Representatives,
The Capital, Washington, DC.

DEAR MR. SPEAKER: We are writing to ask that you not bring the Medicare Balanced Budget Act legislation (HR 3075 as amended in negotiations with Commerce Committee Republicans) to the floor under suspension of the rules, but instead provide a rule permitting Democratic amendments and a motion to recommit. Because Democrats were not included in the negotiations between the Ways and Means and Commerce Committee Republican members, it is particularly important that we be offered the opportunity for floor amendments.

While the Republican bills that have been introduced provide a great deal of needed relief, we believe that (1) some additional relief to providers, (2) some beneficiary improvements (in particular help with the high cost of pharmaceuticals), and (3) some alternative policies are desperately needed.

The amendments we propose would provide an additional \$2.4 billion in paid-for relief, with some going to beneficiaries in lower pharmaceutical prices and other program improvements. Our amendments would also eliminate several policies in the Republican bill which the Administration has identified as unworkable or which would hurt Medicare beneficiaries.

As fiscally responsible Democrats, we are concerned that the Republican bill is not paid for, and we urge you to find a way to pay for it, rather than further spending Social Security surpluses. For example, because it is not currently paid for, the Ways and Means bill (HR 3075) shortens the solvency of the Medicare Part A Trust Fund by at least a year, and increases Part B premiums for seniors.

Therefore, to avoid this problem, we pay for the additional relief offered by our amendments. Thus we do not hurt Medicare's solvency. The \$2.4 billion in relief over five years is paid for by \$2.4 billion in Medicare savings from the President's budget proposal of last January. These savings come from Medicare anti-fraud, waste, and abuse proposals.

PROVIDING NEEDED ADDITIONAL RELIEF

The \$2.4 billion provides important, much needed additional relief to

—beneficiaries to meet the cost of fighting cancer and the high costs of pharmaceutical insurance¹

—teaching hospitals,

—safety net hospitals, which have the lowest overall operating margins,

—rural hospitals, which have the lowest Medicare margins,

—skilled nursing homes,

—home health agencies which are serving the sickest patients,

—a more rational rehabilitation cap program that will help our most severely disabled stroke patients and amputees,

—help for hospice agencies facing skyrocketing pharmaceutical costs for end-of-life painkillers, and

—the Medicaid and Children's Health Insurance Program, to help the providers serving the low income and to help Puerto Rico and the Possessions with more adequate payment rates.

This additional relief will further ensure that Medicare beneficiaries are buffered from

¹We assume that the bill the Majority brings to the floor will include an expansion of Medicare's coverage of immuno-suppressive drugs, so that transplant patients do not suffer organ rejection. If this provision is not included, we ask permission to include it and pay for it with additional anti-fraud and abuse provisions.

the cuts in the 1997 BBA and will allow Medicare beneficiaries to continue to receive high quality care.

The attached memo describes these amendments in more detail.

HELP SENIORS WITH THE HIGH COST OF PHARMACEUTICALS

We believe we need to help all Medicare beneficiaries with a prescription drug insurance benefit, but that is a larger issue that cannot be addressed in this limited BBA corrections legislation. We hope, Mr. Speaker, that you will make this a priority issue for the Second Session of this Congress.

In the meantime, we do believe that this bill gives us the one opportunity this year to help seniors with the exorbitant cost of prescription drugs. We propose an amendment which was offered in the Ways and Means Committee by Rep. Karen Thurman (and supported by all the Democratic members of the Committee) that makes the Allen-Turner-Waxman-Berry pharmaceutical discount bill (HR 664) germane to Medicare. Basically, the amendment says that if a drug manufacturer wants to sell pharmaceuticals to a hospital participating in Medicare, it must also make available to pharmacies for sale to seniors drugs at the best available price for which they offer that drug. By some estimates, this type of program could lower drug costs to seniors by as much as 40%.

If we can't pass a major Medicare drug reform bill this fall, we can at least give seniors a chance for the discounts available to large buyers.

PREVENTING BAD POLICIES

If the Majority bill includes certain provisions, we ask that the rule governing debate permits us to strike those anti-beneficiary and anti-consumer provisions:

Specifically, we are concerned that the Administration has warned that the hospital out-patient department (HOPD) provisions of the Ways and Means bill are so complicated that they will delay the start of HOPD Prospective Payment (PPS) by at least a year. Such a delay in the PPS will cost beneficiaries about \$1.4 billion, with patients' share of total HOPD payments running about 50%. We would move to strike the House HOPD provisions in favor of the Senate's more administrable proposals, but keep the amount of relief to hospitals and patients at the House level.

Second, if the Majority bill includes the 'Commerce Republicans' provision giving "deemed status" to HMOs, we would strike that provision. An overwhelming number of House members have just voted in favor of higher quality in managed care plans. Therefore, we find it incredible that the majority may be proposing an amendment to the BBA which would weaken our ability to ensure quality by turning over approval of these plans to participate in Medicare to private groups which are often dominated by the very industry they are supposed to be regulating. If such 'deemed status' language is included, we will seek to strike it in order to protect beneficiaries.

Third, as mentioned above, we propose to strike the unworkable \$1500 limit on rehabilitation caps for two years while the Secretary develops a rational therapy payment plan. This is the same approach as taken by the Senate Finance Committee.

In conclusion, our beneficiaries and providers need the improvements made by the Democratic amendment. We urge you to make it in order. Thank you for your consideration.

Sincerely,

Neil Abercrombie, Gary Ackerman, Tom Allen, Robert Andrews, Tammy Baldwin, Tom Barrett, Jim Barcia, Xavier Becerra, Shelly Berkley, Howard Berman, Marion

Berry, Bob Borski, Rick Boucher, Corrine Brown, Sherrod Brown, Lois Capps, Michael Capuano, John Conyers, Ben Cardin, Julia Carson, Bob Clement, Bill Coyne, Elijah Cummings, Danny Davis, Jim Davis.

Peter DeFazio, Diane DeGette, Rosa DeLauro, Peter Deutsch, John D. Dingell, Julian Dixon, Lloyd Doggett, Eliot Engel, Anna G. Eshoo, Lane Evans, Eni Faleomavaega, Sam Farr, Michael Forbes, Bart Gordon, Gene Greene, Ralph Hall, Earl Hilliard, Maurice Hinchey, Darlene Hooley, Steny Hoyer, Paul Kanjorski, Carolyn Kilpatrick, Ron Klink, Dennis J. Kucinich, John LaFalce, Tom Lantos.

Barbara Lee, Sandy Levin, John Lewis, Nita M. Lowey, Bill Luther, Karen McCarthy, Jim McDermott, Jim McGovern, Mike McNulty, Carolyn B. Maloney, Jim Maloney, Ed Markey, Matthew Martinez, Robert T. Matsui, Carrie Meek, Robert Menendez, George Miller, Joe Moakley, Jerry Nadler, Richard Neal, Eleanor Holmes Norton, Jim Oberstar, John Olver, Major Owens.

Frank Pallone, Donald Payne, Nancy Pelosi, David Phelps, Earl Pomeroy, Nick Rahall, Charles Rangel, Lynn Rivers, Ciro Rodriguez, Carols Romero-Barcelo, Lucille Roybal-Allard, Bobby Rush, Martin Sabo, Bernie Sanders, Tom Sawyer, Jan Schakowsky, Louise Slaughter, Vic Snyder.

Debbie Stabenow, Peter Stark, Ted Strickland, Bart Stupak, Ellen Tauscher.

Mike Thompson, Karen Thurman, John Tierney, Edolphus Towns, Jim Traficant, Peter Visclosky, Maxine Waters, Melvin Watt, Henry Waxman, Robert Wexler, Robert Weygand, Bob Wise, Lynn Woolsey, Al Wynn.

Issue Area:

In addition to HR 3075, a \$2.4 billion paid-for package [dollars expressed as additions to costs in HR 3075]

Hospitals:

Freeze indirect medical education cut for 1 year more than HR 3075 (\$0.2); Freeze disproportionate share hospital cuts for 1 year more than HR 3075 (\$0); Carve out DSH payments from payments to M+C plans. Moves about \$1 billion per year to the nation's safety net hospitals; is not in HR 3075 (\$0).

Rural hospitals:

Tanner Amendment to protect rural and cancer hospitals against outpatient department PPS cuts (HR 3075 phases in cuts to these hospitals, still leaving huge payment reductions) (\$0.2).

\$1500 therapy caps:

Strike HR 3075 limits by suspending caps for 2 years while a new, more rational system is developed (net \$0).

Community health centers & rural CHCs:

Establish a PPS system which protects CHCs against State Medicaid cuts (\$0.2).

Nursing homes:

Raise HR 3075's payment to high acuity cases from 10% to 30% (\$0.1); Raise HR 3075's nursing home inflation adjustment from 0.8% in FY01 to 1% (\$0.1) and authorize extra payments for hi cost of living in Hawaii and Alaska.

Physicians:

Study of why payment rates in certain States and Puerto Rico are low.

Home health:

Provide \$250 million "outlier" pool for home health agencies that treat tough cases (\$0.3) HR 1917, by Rep. Jim McGovern and 102 cosponsors.

Hospice:

Eliminate 1% cut in FY 01 and 02 (\$0.2).

Medicaid:

Help for Medicaid DSH formula errors in NM, DC, MN, and WY (\$0.2) Permanent fix for CA Medicaid DSH problem \$0; Help families not lose Medicaid coverage as a

result of delinking of welfare and Medicaid eligibility (\$0.2). CHIPs:

Increase CHIPs amount for Possessions and provide technical fix to CHIPs formula (\$0.1).

Beneficiary improvements:

Immuno-suppressive drugs, cover without a time limit (\$0.3); Allow States to require M+C plans to cover certain benefits (like MA used to do with Rx (\$0); Allow people abandoned by M+C plans to buy a medi-gap policy which covers Rx (\$0); Coverage of cancer treatment for low-income women (\$0.3) HR 1070, by Rep Eshoo and Lazio and 271 cosponsors.

Pay-fors:

3 Medicare items from President's budget: mental health partial hospitalization reform, Medicare Secondary Payer data match, and pay for outpatient drugs at 83% of average wholesale price. (\$2.4).

CONGRATULATING JOSEPH MOFFETT ON HIS BEING SELECTED TO COMPETE IN THE NATIONAL BIRDING COMPETITION

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 8, 1999

Mr. NEAL of Massachusetts. Mr. Speaker, I rise today to congratulate Joseph Moffett for being selected to the ABA/Leica Tropicbirds Team of 1999. Joseph, along with three other youths, has been chosen to compete in The Florida Space Coast Flyway Festival birdathon. This is a national birding competition which will be held on November 13, 1999.

Joseph, who is fifteen years old, lives in Mendon, Massachusetts and is a member of the ABA and the Massachusetts Audubon Society. Joe is also a member of many other birding clubs including; the Brookline Bird Club, the Forbush Bird Club, and the Stony Brook Bird Club. Joe works at the Stony Brook Audubon Sanctuary as a volunteer naturalist and a councilor in training. Joe also takes part in the Christmas Bird Count and Massachusetts Audubon Birdathon fund-raiser. Joe keeps lists of the birds he sees on various birding outings and submits them to the Bird Observer, a birding journal.

In addition to Joe's birding skills, he is also a proponent of environmental protection. Joe has started a rainforest club in his school and has raised money to save acreage of a rainforest. Most of the birding events that Joe participates in are also fund-raisers, which raise money for the protection of new bird species that are found during the events and for the protection of birds in general.

Mr. Speaker, it is my great pleasure to congratulate Joseph Moffett on his accomplishments and commend him for being a model citizen and a great influence to his community.

**CONFERENCE REPORT ON S. 900,
GRAMM-LEACH-BLILEY ACT**

SPEECH OF

HON. BARBARA LEE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 4, 1999

Ms. LEE. Madam Speaker, I rise to express my concern as well as that of my constituents regarding the Senate version, the Gramm version, of the Financial Services Modernization Act.

The initial report by the media that the conference report met the expectations of consumer advocates raised hopes that the Senate would meet the House's commitment to two major aspects of this critically important bill: the Community Reinvestment Act provisions and the necessary protection of the privacy of consumer, customer information, and records. I continue to want to vote for a Financial Services Modernization bill.

I want to address the importance of the Community Reinvestment Act which is also known as CRA. This act was passed almost 30 years ago to say that banks should also lend to low-income customers and neighborhoods in their areas of operation. In the 23 years of bank practices to meet CRA provisions, an impressive \$1 trillion has been generated as loans to low-income customers; the clear majority of banks recognize the value of CRA as a powerful tool to build community trust and respect for the otherwise cold marble and steel of stone-hearted bankers.

Let me share a success story of CRA in my community, affecting my constituents in Oakland and adjoining cities. The success story is about an old, crumbling, and once-beloved vegetable and meat market known as Swan's Marketplace.

In the last two decades, as residents and businesses flowed out of downtown, Swan's found it more and more difficult to survive. It finally had to close. Stories were written about its demise. It took years, but the city government and the people of Oakland and community agencies knowledgeable about CRA, our community heroes, the very same people that Senator GRAMM so recklessly labels as "extortionists," pulled together, in a magnificent civil effort to create a wonderful center combining almost every aspect of community development into one square city block. The heroes and sheroes who put this together say: "We have a market, affordable housing, services to special populations and community revitalization. On top of that, we've included use of the arts for economic development and restored and preserved a city historic landmark."

I hardly have to add that the housing is a wonderful plus in an area with severe housing shortages, and that jobs have been created, and that an essential community success has added to the revitalization of a declining downtown not only during the day but also at night.

Swan's was complex from a banking perspective. "There's nothing commonplace about it" said a representative from a large local bank that provided a \$7.8 million construction loan. CRA had encouraged banks to look at financing difficult projects that benefit communities. Before CRA, banks may have dismissed the project as too difficult, but CRA has provided the needed motivation which has prompted banks to successfully invest in communities.

The story of CRA's important role in the reformation of Swan's Marketplace is not a rare occurrence. Community after community have called on members of the Banking Committee and the Commerce Committee to protect, and to include the CRA provisions in any banking modernization bill. I have worked since I joined Congress over a year ago, to include the basic elements of CRA in H.R. 10.

The House-passed version of the Financial Modernization bill, to my mind, had fairly weak CRA provisions by excluding securities and insurance functions. But the Gramm version weakens these protections even further by requiring banks to report every 5 years.

Senator GRAMM added a wickedly ironical provision that he describes as a "sunshine" regulation. In California sunshine provisions protect citizens by requiring that the legislative bodies act with proper and timely notice being given to the public on time of meeting and publication of issues to be discussed.

This sunshine provision in Senator GRAMM's bill is a terrible perversion of that protection. This provision mandates that community organizations working with banks to produce more affordable housing have to report on their functions, and their contracts. These reporting requirements are not made of financial institutions, only community organizations. Instead of treating these groups as heroes for their life-saving, community-saving work, they must report like criminals.

Presently, banks have to meet a satisfactory rating, and then maintain it in order to be favorable considered for expansion or mergers. S. 900 allows these banks to meet the "satisfactory" standard only once and frees them from further obligation to maintain it. Do it once and you are free of obligations thereafter. This is a terrible travesty of present CRA practices.

The other major weakness in S. 900 has to do with the easy access to customer's private information that is available. Presently, each one of the three functions: banking, insurance, and securities, cannot share their customers' information with each other. With the passage of S. 900 the walls are down.

Insurance companies have records on a customer's health. This record will now be available to the bank, or the insurance company that can now offer banking services, when you apply for a loan. Is this information that should be so easily available. Is this what our constituents would allow? I don't think so.

However, should customers want to know how the bank, or the insurance company, or the securities sales office is handling their account and ask for a record, and possibly make the necessary corrections, they will not be able to do so. We are considering legislation that could really produce nightmare situations for our constituents.

S. 900 only asks that banks report their plan to protect privacy without any obligation to any one, or any institution to implement it, to modify it, or to improve it. This is a hollow requirement, devoid of substance.

These are two of the major flaws of S. 900. But I have to raise the objections that I raised in the Banking Committee about the consequences of financial services modernization without appropriate safeguards.

S. 900 will allow for further mergers and conglomeratization. It will once again expose us to the congressional, national liability for the \$500 billion bailout of the savings and loan industry of the 1980's.