

might know in what high esteem he is held by all fortunate enough to call him friend.

PERSONAL EXPLANATION

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. KOLBE. Mr. Speaker, on October 18, 2000 the House debated and voted on H. Res. 631, "Honoring the Members of the Crew of the Guided Missile Destroyer U.S.S. *Cole* Who Were killed or Wounded in the Terrorist Attack on that Vessel in Aden, Yemen, on October 12, 2000", H. Con. Res. 415, National Children's Memorial Day, and H.R. 3218, the Social Security Number Confidentiality Act. Had I been present, I would have voted "yea" on H. Res. 631, (rollcall vote No. 531), "yea" on H. Con. Res. 415 (rollcall vote No. 532), and "yea" on H.R. 3218 (rollcall vote No. 533).

INTRODUCTION OF THE NOTIFICATION AND FEDERAL EMPLOYEE ANTI-DISCRIMINATION AND RETALIATION ACT

HON. F. JAMES SENSENBRENNER, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. SENSENBRENNER. Mr. Speaker, as the Chairman of the Committee on Science, I believe open discourse at federal agencies is necessary for sound science. Intolerance inhibits, it not prevents, thorough scientific investigation.

Accordingly, I was very disturbed by allegations that EPA practices intolerance and discrimination against its scientists and employees. For the past year, the Committee on Science has investigated numerous charges of retaliation and discrimination at EPA, and unfortunately they were found to have merit.

The Committee held a hearing in March 2000, over allegations that agency officials were intimidating EPA scientists and even harassing private citizens who publicly voiced concerns about agency policies and science. While investigating the complaints of several scientists, a number of African-American and disabled employees came to the Committee expressing similar concerns. One of those employees, Dr. Marsha Coleman-Adebayo, won a \$600,000 jury decision against EPA for discrimination.

It further appears EPA has gone so far as to retaliate against some of the employees and scientists that assisted the Science Committee during our investigation. In one case, the Department of Labor found EPA retaliated against a female scientists for, among other things, her assistance with the Science Committee's work. The EPA reassigned this scientist from her position as lab director at the Athens, Georgia regional office effective November 5, 2000—a position she held for 16 years—to a position handling grants at EPA headquarters. In the October 3 decision, the Department of Labor directed EPA to cancel the transfer because it was based on retaliation.

EPA's response to these problems has been to claim that they have a great diversity

program. Apparently, EPA believes that if it hires the right makeup of people, it does not matter if its managers discriminate and harass those individuals.

Diversity is great, but in and of itself, it is not the answer. Enforcing the laws protecting employees from harassment, discrimination and retaliation is the answer. EPA, however, does not appear to do this. EPA managers have not been held accountable when charges of intolerance and discrimination are found to be true. Such unresponsiveness by Administrator Browner and the Agency legitimizes this indefensible behavior.

To assure accountability, I have introduced the Notification and Federal Employee Anti-discrimination and Retaliation Act (No FEAR Act) of 2000, H.R. . Federal employees with diverse backgrounds and ideas should have no fear of being harassed because of their ideas or the color of their skin. This bill would ensure accountability throughout the entire Federal Government—not just EPA. Under current law, agencies are held harmless when they lose judgments, awards or compromise settlements in whistleblower and discrimination cases.

The Federal Government pays such awards out of a government wide fund. The No FEAR Act would require agencies to pay for their misdeeds and mismanagement out of their own budgets. The bill would also require Federal agencies to notify employees about any applicable discrimination and whistleblower protection laws and report to Congress on the number of discrimination and whistleblower cases within each agency. Additionally, each agency would have to report on the total cost of all whistleblower and discrimination judgments or settlements involving the agency.

Federal employees and Federal scientists should have no fear that they will be discriminated against because of their diverse views and backgrounds. H.R. is a significant step towards achieving this goal.

INTRODUCTION OF THE 'CELLULAR TELECOMMUNICATIONS DEPRECIATION CLARIFICATION ACT'

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. CRANE. Mr. Speaker, I am pleased to join with Rep. NEAL and Ms. JOHNSON, Ms. DUNN, and Mr. JOHNSON of the Committee on Ways and Means in introducing the "Cellular Telecommunications Depreciation Clarification Act." This legislation will amend the Internal Revenue Code to clarify that cellular telecommunications equipment is "qualified technological equipment" as defined in section 168(i)(2).

When an asset used in a trade or business or for the production of income has a useful life that extends beyond the taxable year, the costs of acquiring or producing the asset generally must be capitalized and recovered through depreciation or amortization deductions over the expected useful life of the property. The cost of most tangible depreciable property placed in service after 1986 is recovered on an accelerated basis using the modified accelerated cost recovery system, or MACRS. Under MACRS, assets are grouped

into classes of personal property and real property, and each class is assigned a recovery period and depreciation method.

For MACRS property, the class lives and recovery periods for various assets are prescribed by a table published by the Internal Revenue Service found in Rev. Proc. 87-56, 1987-2 C.B. 674. This table lists various Asset Classes, along with their respective class lives and recovery periods. Rev. Proc. 87-56 does not specifically address the treatment of cellular assets, but rather addresses assets used in traditional wireline telephone communications.

These wireline class lives were created in 1977 and have remained basically unchanged since that time. In 1986, Congress added a category for computer-based telephone switching equipment, but there are no asset classes specifically for cellular communications equipment in Rev. Proc. 87-56. This is largely due to the fact that the commercial cellular industry was in its infancy in 1986 and 1987. Since the cellular industry was not specifically addressed in Rev. Proc. 87-56, the cellular industry has no clear, definitive guidance regarding the class lives and recovery periods of cellular assets. Therefore, the Internal Revenue Service and cellular companies have been left to resolve depreciation treatment on an ad hoc basis for these assets as the industry has rapidly progressed.

The result is that both cellular telecommunications companies and the Internal Revenue Service are expending significant resources in auditing and settling disputes involving the depreciation of cellular telecommunications equipment. This process is obviously costly and inefficient for taxpayers and the Service, but it also leaves affected companies with a great deal of uncertainty as to the tax treatment, and therefore expected after-tax return, they can expect on their telecommunications investments. A standardized depreciation system for cellular telecommunications equipment would eliminate the excessive costs incurred by both industry and government through the audit and appeals process, and would eliminate an unnecessary degree of uncertainty that is slowing the expansion of our national telecommunications systems.

The Treasury Department's recently released "Report to the Congress on Depreciation Recovery Periods and Methods" tacitly acknowledges this point. In its discussion about how to treat assets used in newly-emerging industries, such as the cellular telecommunications industry, the report states:

[t]he IRS normally will attempt to identify those characteristics of the new activity that most nearly match the characteristics of existing asset classes. However, this practice may eventually become questionable in a system where asset classes are seldom, if ever, reviewed and revised. The cellular phone industry, which did not exist when the current asset classes were defined, is a case in point. This industry's assets differ in many respects from those used by wired telephone service, and may not fit well into the existing definitions for telephony-related classes.

Rather than force cellular telecommunications equipment into wireline telephony "transmission" or "distribution" classes, a better solution would clarify that cellular telecommunications equipment is "qualified technological equipment." The Internal Revenue

Code currently defines qualified technological equipment as any computer or peripheral equipment and any high technology telephone station equipment installed on a customer's premises.

The cellular telecommunications industry has been one of the fastest growing industries in the United States since the mid-1980s, as evidenced by the following statistics:

The domestic subscriber population has grown from less than 350,000 in 1985 to 86 million by 1999, and is projected to grow to 175 million by 2007.

The industry directly provided 4,334 jobs in 1986, which grew to over 155,000 directly provided jobs and one million indirectly created jobs by 1999.

Capital expenditures on cellular assets exceeded \$15 billion in 1999.

The rapid technological progress exhibited by the cellular telecommunications industry illustrates how the tax code needs to be flexible to adapt to future technologies and technological changes. Continued rapid advancement is on the horizon, including wireless fax, high-speed data, video capability, and a multitude of wireless Internet services. It is impossible in 2000 to anticipate properly the new equipment that will support this growth even two years hence.

For further information on this I refer my colleagues to the testimony of Ms. Molly Feldman, Vice-President-Tax of Verizon Wireless before the House Committee on Ways and Means, Subcommittee on Oversight. Ms. Feldman's testimony provides an excellent overview of the industry, its history, and the reasons why this bill is so important. I urge my colleagues to support this important clarification to the tax law.

H.R. ____

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WIRELESS TELECOMMUNICATIONS EQUIPMENT.

(a) IN GENERAL.—Subparagraph (A) of section 168(i)(2) of the Internal Revenue Code of 1986 (defining qualified technological equipment) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by inserting after clause (iii) the following new clause:

"(iv) any wireless telecommunications equipment."

(b) WIRELESS TELECOMMUNICATIONS EQUIPMENT.—Section 168(i)(2) of the Internal Revenue Code of 1986 is amended by inserting after subparagraph (C) the following new subparagraph:

"(D) WIRELESS TELECOMMUNICATIONS EQUIPMENT.—For purposes of this paragraph, the term "wireless telecommunications equipment" means all equipment used in the transmission, reception, coordination, or switching of wireless telecommunications service. For this purpose, "wireless telecommunications service" includes any commercial mobile radio service as defined in Title 47 of the Code of Federal Regulations.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service on or after the date of the enactment of this Act.

THREATS TO FINANCIAL FREEDOM

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. PAUL. Mr. Speaker, I recently had the pleasure of hearing remarks made by our former House colleague, Bob Bauman of Maryland, at a meeting of the Eris Society in Colorado. Since his talk centered on banking, financial and related privacy issues pending before the Congress, I want to share his view with the House as an informed statement of the threats to financial freedom posed by the Clinton administration's policies.

Mr. Bauman, the author of several books on offshore financial topics, serves as legal counsel to The Sovereign Society (<http://www.sovereignsociety.com>), an international group of citizens concerned with the government encroachment on financial freedom.

Remarks of Robert E. Bauman, Eris Conference, Durango, Colorado, August 12, 2000.

THE NEW IMPERIALISM: THE ATTACK ON WORLD TAX HAVENS

I take as my theme two quotations, one from the Gospel of St. Matthew, 20:15—"Do not I have the right to do what I want with my own money?"

The second is from Mayer Amschel Rothchild (1743-1812), founder of the famous banking dynasty, the House of Rothchild, who said: "Give me control over a nation's currency and I care not who makes its laws." Both quotes have relevance to what I have to say.

WEALTH IS SUSPECT

If you are fortunate enough to fall into the estimated group of six million millionaires worldwide now in existence, a number noted in a study by Merrill Lynch last year, you automatically may be a criminal suspect.

I say "suspect" because Citibank views these wealthy people, who control approximately 21 trillion-six hundred billion dollars, as potential financial criminals simply because of their wealth. Citibank announced last year that their 40,000 private banking clients, each of whom had to prove a personal net worth of \$3 million in order to qualify for the bank's services, are watched every minute of every day to see if they may be engaged in money laundering or other financial crimes. I am certain other banks do as well.

The constant surveillance is accomplished, as is most privacy invasion these days, by a special banking computer software program called "America's Software" which allows every transaction in any account to be watched constantly. It produces a daily record for bank officials, who now have certain obligations imposed by US law that require the reporting of "suspicious activities" to federal agents. Transfers of large amounts of cash or other unusual account activity rings alarm bells and results in an investigation not revealed to the "suspect" banking client under penalty of law.

We can conclude from this Draconian arrangement, for one thing, that a person of great wealth who establishes a private banking relationship with a major bank now is presumed to be a possible criminal; that accumulated wealth is not treated as potential evidence of crime; that in this instance, the traditional American constitutional presumption of innocence has been reversed; that the American banking system is no longer safe for even for honest people of wealth who simply value their privacy.

IT'S OFFICIAL: OFFSHORE MEANS CRIME

I was at a conference on April 22, 1999 in Miami sponsored by the respected publication, Money Laundering Alert. Lester Joseph, Assistant Chief of Asset Forfeiture and Money Laundering for the Criminal Division of the U.S. Department of Justice, said that the U.S. Government officially views any offshore financial activity by US persons—any offshore financial activity—especially the use of tax havens, as potential criminal money laundering activity.

Now, it's quite obvious that financial activities in which a person engages when wealth is moved offshore for asset protection, for broader investment potential, for any number of legitimate reasons, for possible tax savings, any of these moves, are innocent in themselves. Former Secretary of the US Treasury, Robert Rubin, admitted in congressional testimony last year, it is the intention behind these innocent financial moves that government agents want to police for possible criminal investigation and prosecution.

So now we have the government money police targeting normal financial activities that until recently have been perfectly legal, simply because a person decides in his own best interests, to go offshore. We all know that in the US, African-American, Latino, Asian-American and other racial minorities have been unfairly subject to police "profiling." Add to that list of "presumed guilty," Americans who engaged in offshore financial activity.

I'm not a defender of wealth per se. I wish I had wealth to defend, but I am a defender of freedom. There can be no freedom, personal or otherwise, without wealth, without the right to own and use one's own property as one sees fit. Remove property rights and you have no means to sustain life for yourself or your family. But now the acquisition and accumulation of productive wealth has become officially suspect in America.

WAR OF DRUGS—WAR ON WEALTH

For the last 20 years the policies adopted by the United States and allied governments have constituted a stealth war against wealth and against financial privacy. While the free flow of capital is extolled as appropriate and essential, the governments of major nations have turned upside down the traditional role of banks and banking. As a child I was made to believe that the people you dealt with at your bank and other financial institutions were fiduciaries to whom you could entrust your money.

Now we have what I call the "Nazification" of the financial system, not only in America but worldwide. I don't use that term lightly. As a matter of historic fact, the civil forfeiture laws in this country mirror in many major respects the Nazi forfeiture laws that were used to confiscate the property of the Jews. I am a member of the board of directors of Forfeiture Endangers American Rights, (www.fear.org on the Internet) and you can find out more information.

The genesis of this "wealth=crime" policy can be found in that infamous political and moral failure, the so-called "war on drugs." One of the primary weapons of this ill-begotten war has been civil forfeiture, where police seize cash and property based on rumor or hearsay. In 80% of the cases, the owner is never charged with any crime, but usually the police keep the loot. Many police have long since turned their attention away from drugs, and instead pursue the cash and property they use to lard their budgets. Thankfully, my former colleague, Henry Hyde of Illinois, led the successful legislative battle for some much needed civil forfeiture reform which recently became law.