

them with shelter, assistance, and above all, the warmth and kindness of a loving family.

Mr. Speaker, I ask my colleagues to join me in paying tribute to two extraordinary people who I'm exceedingly proud to call my friends. We are a better community, a better country and a better people because of Victoria and Joe Cotchett.

**A BILL TO PERMIT COOPERATIVES TO PAY DIVIDENDS ON PREFERRED STOCK WITHOUT REDUCING PATRONAGE DIVIDENDS**

**HON. WALLY HERGER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, June 21, 2001*

Mr. HERGER. Mr. Speaker, today I rise to introduce the Cooperative Dividend Equity Act. This legislation will help to end an unfair tax on cooperatives and their members.

As those of us from agricultural and rural areas can attest, cooperatives play a vital role in many Americans' lives. Whether it be farmers pooling their resources in order to survive in the global marketplace, consumers maximizing their buying power through volume purchasing, or healthcare facilities providing community-based services—cooperatives facilitate people working together for a common good.

One of the greatest challenges facing cooperatives today is access to capital. In order to raise much needed capital and avoid further debt, many cooperatives are considering issuing preferred stock. However, under the current tax laws, stock dividends paid to stockholders are taxed three times: 1) when they are earned by the cooperative; 2) when received by the stockholder; and 3) at the corporate level when earnings are distributed. Three levels of tax on the earnings of a cooperative! Here is how it works.

Members of cooperatives are taxed on income generated by the cooperative. The cooperative itself, however, is not taxed so long as any "patronage income" is distributed to its members. Cooperatives frequently earn at least some non-member, or "nonpatronage," income. Much like a corporation, a cooperative must pay taxes on such non-patronage income, just as the stockholder (whether a member or non-member) must also pay tax on that income when it is distributed as a dividend. Unlike a corporation, however, cooperatives must then pay what amounts to a third tax due to the operation of an obscure IRS rule.

The "dividend allocation rule" imposes a third level of taxation on the cooperative by reducing the amount of patronage dividends paid to cooperative members. Cooperatives, such as a typical farming cooperative, may deduct dividends paid to patrons from taxable income. IRS regulations, however, provide that net earnings eligible for the patronage dividend deduction are reduced by dividends paid on capital stock. This requirement has been interpreted to mean that even dividends paid out of nonpatronage earnings will be "allocated" to a cooperative's patronage and non-patronage earnings in proportion to the relative amount of patronage/nonpatronage business done by the cooperative. This "allocation" significantly reduces the amount of net earnings from the patronage operation that

may be claimed as a deduction, thus increasing the cooperative's level of taxation.

Put more simply, the "dividend allocation rule" allocates income already taxed against what would have otherwise been a deduction. As a result, cooperatives pay more taxes on income used to pay a dividend on stock than would a non-cooperative corporation.

It is time to end the triple taxation on cooperative income and give farmers, consumers, hospitals, and other coop members the flexibility they deserve in structuring their affairs. It is time to eliminate the dividend allocation rule and pass the Cooperative Dividend Equity Act of 2001.

**HONORING THE MEMORY OF MAJOR GENERAL DANIEL F. CALLAHAN**

**HON. VAN HILLEARY**

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Thursday, June 21, 2001*

Mr. HILLEARY. Mr. Speaker, I rise today to honor the memory of Major General Daniel F. Callahan for his honorable and faithful service to our country.

General Callahan, who passed away June 10, 2001, was born in Zenda, Kansas, on June 8, 1910. Following his graduation from the U.S. Military Academy in 1931, he served the next thirty-two years in the U.S. Air Force. His military career was devoted to flying and working in maintenance, engineering and supply. During World War II, he was assigned to the China-Burma-India theatre, where he saw action flying the "Hump". Following the war, he attended the Air War College, served in NATO as head of the US Defense Production Staff in London, and was Chief, Military Assistance Advisory Group, United Kingdom.

In June 1957, he was assigned as Commander, Mobile Air Material Area and followed this assignment with a two-year tour at the Pentagon where he was Director of Logistics for the Joint Chiefs of Staff. The Cuban Missile Crisis highlighted this tour, where General Callahan oversaw the massive movement and positioning of personnel and equipment to deal with this crisis.

Following his retirement in 1963, General Callahan spent five years with Chrysler Corporation in their Defense-Space Group, and in 1968, he joined NASA at the Kennedy Space Center as the Director of Administration. He was there for five years, which included the Lunar landing program and man's first steps on the moon.

After retiring from NASA, Gen. Callahan devoted most of his time to the Air Force Association, serving as Chapter President in both Florida and Tennessee and state President in Florida. He was a permanent Member of the National Board of Directors and in 1979, he was elected as National Chairman of the Board. Gen. Callahan was chosen as the Air Force Association's Man of the Year in 1981.

General Callahan received a master's in Engineering from the University of Michigan and an Honorary Doctorate in Law from the University of Alabama. A Command Pilot with 10,200 hours flying time, General Callahan was awarded many military and civilian awards, including the Distinguished Service Medal and legion of merit with two Bronze Oak Leaf Clusters.

Mr. Speaker, General Callahan was a great success in each duty he held, and his country is the better for it. You know, there's a song that virtually every graduate of General Callahan's alma mater, West Point, knows the words to and tries to live up to. Its last verse includes the solemn words,

"And when our work is done, Our course on earth is run, May it be said 'Well Done,' Be thou at peace."

Mr. Speaker, General Callahan certainly lived up to those words. I think I speak for all of General Callahan's countrymen when I say, "Well done, sir. Be thou at peace."

**CORAL REEF AND COASTAL MARINE CONSERVATION ACT OF 2001**

**HON. MARK STEVEN KIRK**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, June 21, 2001*

Mr. KIRK. Mr. Speaker, today I introduced bipartisan legislation, H.R. 2272 the "Coral Reef and Coastal Marine Conservation Act of 2001," to help developing countries reduce foreign debt and provide for the creation of comprehensive environmental preservation programs to protect endangered marine habitats around the world. I have been joined by thirteen of my colleagues who are committed to creatively addressing two problematic issues of foreign policy.

The burden of foreign debt falls especially hard on the smallest of nations, such as island nations in the Caribbean and Pacific. With few natural resources, these nations often resort to harvesting or otherwise exploiting coral reefs and other marine habitats to earn hard currency to service foreign debt.

The Coral Reef and Coastal Marine Conservation Act of 2001 will essentially credit qualified developing nations for each dollar spent on a comprehensive reef preservation or management program designed to protect these unique ecosystems from degradation.

This legislation will make available resources for environmental stewardship that would otherwise be of the lowest priority in a developing country. It will reduce debt by investing locally in programs that will strengthen indigenous economies by creating long-term management policies that will preserve the natural resources upon which local commerce is based.

This concept has been successfully used by the United States to encourage environmental stewardship that would otherwise prove cost-prohibitive to developing countries. Resources are reinvested in local economic growth and our planet as a whole reaps the benefit.

I urge my colleagues to join myself and my cosponsors in support of this legislation.

**TRIBUTE TO ANN DAWSON TORREY**

**HON. ANNA G. ESHOO**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, June 21, 2001*

Ms. ESHOO. Mr. Speaker, I rise today to pay tribute to a distinguished American, and long-time constituent of California's 14th Congressional District—Ann Dawson Torrey, who passed away on May 25, 2001.

A lifelong Democrat and a staunch defender of women's rights, Ann Torrey was born in Hollywood, California on December 1, 1911. As a child she learned an early and important lesson—the power of civic activism. While still an infant, Ann's mother pushed her in a baby carriage during the historic marches for women's suffrage.

Ann Torrey also understood the power of an education—she devoted much of her adult life to teaching young women and men to succeed in their societies. Between 1937 and 1949, Ann Torrey taught students in Monterey, California, Shanghai, China and Menlo Park, California. From 1949 to 1976 she distinguished herself as an elementary school teacher in the Redwood City School District. Ann Torrey was proud to be a teacher and believed firmly in the value of an education for all.

A graduate of the University of California at Berkeley, Ann Torrey received her teaching credential from San Jose State University. In 1966, she went back to school to earn her Master's in Education at Stanford University. A long-time resident of Redwood City, California, Ann Torrey moved to State College, Pennsylvania in 1998 in order to be closer to her grandchildren.

Mr. Speaker, our nation's children lost an important role model and a selfless teacher with the passing of Ann Torrey. I ask my colleagues to join me in paying tribute to a great and good woman, and offer the condolences of the entire House of Representatives to her family.

A SALUTE TO BERKELEY CITY COUNCILMEMBER AND VICE MAYOR MAUELLE SHIREK IN HONOR OF HER 90TH BIRTHDAY CELEBRATION

**HON. BARBARA LEE**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, June 21, 2001*

Ms. LEE. Mr. Speaker, I rise in honor today to salute and celebrate the 90th birthday of a Berkeley legend, City Councilmember and Vice Mayor Maudelle Shirek.

Maudelle was born the grandchild of slaves in Jefferson, Arkansas. Having been raised to be socially conscious and responsible, upon her arrival in the San Francisco Bay Area more than 50 years ago, she immediately plunged into the civil rights struggles of the day.

One of the main issues of the post-WWII era was fair housing. Landlords often refused to rent to African Americans and new housing was built with discriminatory covenants not allowing Blacks to buy houses in certain areas. Maudelle was a key leader in the struggle for fair housing that culminated in California Assemblyman Rumford's Fair Housing Act.

Maudelle also helped shape the political future of this country by persuading a young University of California graduate student named Ron Dellums to run for Congress. I worked with and was mentored and trained by Congressman Dellums. Without Maudelle's influence on Ron, I may not be in Congress today.

Wherever she has worked, Maudelle has been an organizer. Serving as Director of the West Berkeley Senior Center, she simultaneously was on the State Executive Board of Service Employees International Union, Local 535. When Berkeley bureaucrats claimed she was too old to run the senior center, she ran for City Council and won. She is now serving her seventh term on the Council and has been

re-elected by larger margins with each progressive election.

Maudelle was the first Berkeley City Councilmember, and one of the first elected officials in the state, to take action against the AIDS pandemic by sponsoring educational materials, needle-exchange programs and housing for AIDS patients. When the county hospital tried to close its facilities serving AIDS patients, she chained herself to the doors to call attention to the plight of AIDS victims. As a result of her efforts, that facility remains open today.

Maudelle has been an incredible influence in my life. Maudelle taught me that I was not only a citizen of the United States but a citizen of the world. While a student at Mills College, Maudelle helped me organize the Black Student Union's study mission trip to Ghana, Africa where she spent one month with the students. Her insight and counsel greatly enriched their experience.

As a leader of the peace movement, Maudelle introduced me to the movement and shared with me her valuable and critical insight into United States foreign policy and international affairs. I have travelled with Maudelle to many countries and witnessed first hand her interaction with world leaders. They are inspired by her brilliance and her clarity of the issues affecting the global community.

Maudelle continues to be persistent in the fight to reorder our national priorities. Reducing the military budget in order to improve the quality of life for people has been the cornerstone of her work for social, political and economic justice.

Maudelle is a role model and a tireless worker for civil and human rights, peace and justice. I proudly join her many friends and colleagues in honoring Maudelle for 90 years of service and commitment to bettering the lives of her fellow citizens, community members and constituents.

Congratulations Maudelle and thank you for your wonderful example and inspiration.