

a 30% withholding rate on Guam. As 75% of Guam's commercial development is funded by foreign investors, such an omission has deprived Guam of attracting foreign investment opportunities.

Other territories under U.S. jurisdiction have already remedied this problem or are able to offer alternative tax benefits to foreign investors through delinkage, their unique covenant agreements with the federal government, or through federal statute. Guam, therefore, is the only state or territory in the United States which is unable to provide this tax benefit or to offer alternative tax benefits for foreign investors.

The Insular Areas Oversight Avoidance Act would be helpful to insular area governments and the federal government by requiring that situations like the U.S. negotiations on international tax treaties are for the good of all U.S. jurisdictions in the country, not just the fifty states. I understand that the U.S. government is currently renegotiating with Japan on the tax treaty between our two countries. While I hope that Guam is not excluded from being part of this treaty, the record of U.S. negotiators on previous tax treaties does not provide me with any level of comfort. This is a perfect example of why the bill I have introduced today is needed.

KLAMATH BASIN GOVERNMENT-CAUSED DISASTER COMPENSATION ACT

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. HERGER. Mr. Speaker, principles of fairness and justice demand that the Government not force some people to bear burdens, which should rightfully be borne by the public as a whole. However, that is precisely what is happening in the Klamath Basin in northern California and southern Oregon because of the Endangered Species Act (ESA), and today I rise, joined by my Oregon colleague, Congressman GREG WALDEN, to introduce legislation to address that.

The ESA has strayed far from its original mission. It was never intended to sacrifice human health and safety and economic well-being. Yet, the fact remains that under the guise of species protection, constitutionally-protected property rights are being trampled, local economies are being destroyed, families are being forced into bankruptcy and, in many cases, human health and safety are being jeopardized. There is little consideration given to the human species under the ESA. Once a species is "listed," its needs must come first—before the rights and livelihoods of American people. As it is currently being implemented, the ESA requires species protections at any and all costs.

Regrettably, rural Western communities are disproportionately bearing the burdens and costs associated with species protection, burdens which should rightfully be borne by the American public as a whole. The zero-water decision that was recently handed down in the Klamath Basin is the "poster child" for precisely these kinds of injustices. Farmers in this rural area were told on April 6, 2001 that there would be no Klamath Project water for agri-

culture this year, because, in the opinion of a few government biologists, it was needed to protect two species of fish that may or may not be endangered.

The decision does not come without significant social and economic impacts. The Klamath Project supports approximately 1,500 hundred small family farmers and ranching operations and scores of related businesses. This agricultural area generates in excess of \$250 million in economic activity annually. The annual value of crops produced is estimated at more than \$110 million. All of this human activity has come to a grinding halt because of an ESA mandated decision that is based only on speculation and guesswork. Preliminary estimates place total economic damage in the neighborhood of \$220 million. Regrettably, all of the costs and economic hardships associated with this decision will be borne solely by the people who live and work in the Klamath Basin, many of them veterans of World War II who were promised a permanent supply of water and land, and their sons and daughters.

It is important to note that this is not simply a Klamath Basin problem. Nor is it a new problem, or one that is specific to the agriculture industry in general, or to federal project irrigators in particular. Small businesses throughout the Sierra Nevada mountains in California face potentially debilitating economic losses because of forest management restrictions associated with extremely dubious concerns about the status of the California Spotted Owl. Water users throughout California have faced extreme hardship as the government has exercised what amounts to federal takings by reducing contractual water deliveries to a mere percentage of their contract amounts because of pumping or other water use restrictions driven by the ESA. A rural area in my northern California Congressional District has incurred millions of dollars in extra costs on critically important infrastructure improvement projects because of ESA-mandated mitigation. In this same area a much-needed high school continues to be delayed at taxpayer expense because of the ESA. There are many examples, but the fact remains that people are suffering economically because of the implementation of the ESA.

These requirements and restrictions are, simply, an unfunded federal mandate. The federal government should not force some to bear the costs, but should bear the burden itself, or, if it cannot pay or is not willing to pay, then it should avoid the action altogether. Or, it must find some middle ground. That is simple accountability.

For these reasons, Mr. Speaker, I rise today to introduce legislation—the "Klamath Basin Government-Caused Disaster Compensation Act." It requires the Secretary of the Interior to fully compensate the individuals of the Basin who have been economically harmed as a result of the restrictions that have been placed on the operations of the Klamath Project. Such Payments would come from within the Department of Interior's budget. This legislation sends a resounding message to Washington that if the federal government is going to force this kind of social and economic harm on rural American through its laws, it will be held accountable. And if it rebukes those costs as unacceptable, then it will face the question of whether this kind of species protection—recklessly imposing requirements that may or may not benefit species, but that will certainly

carry significant costs to real people—is a goal all Americans truly want, and if so, whether they're willing and prepared to share the impacts.

Ultimately, the ESA itself must be modernized if we are to ensure that people and communities come first. However, real people have been significantly harmed as the direct result of the federal government's actions in the Klamath Basin, and while the long-term social and other hidden impacts from this decision can never be fully mended, fairness and justice demand that the federal government step in to rectify the economic harm that it has caused.

TRIBUTE TO McNEIL FAMILY FOR 2001 NATIONAL WETLANDS AWARD

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. McINNIS. Mr. Speaker, I would like to take this opportunity to offer my congratulations to a couple that has taken extensive efforts to promote land stewardship, wetlands conservation, research and education in the Monte Vista area of Colorado. Mike and Cathy McNeil have truly exemplified the ideals honored with the 2001 National Wetlands Award of the Natural Resources Conservation Service, the U.S. Environmental Protection Agency and the Environmental Law Institute and I would like to add my thank you and appreciation to their labors.

Nestled on the edge of Rock Creek just south of Monte Vista and neighbored by the Monte Vista National Wildlife Refuge, the McNeil ranch persists as a fourth-generation operation. Understanding the importance of responsible development and the intersection with environmental preservation, the McNeils launched the Rock Creek Heritage Project—an effort which protected nearly 15,000 acres of farm and ranch land in the Rock Creek Watershed. This collaborative effort, involving 27 landowners, accentuates 5 aspects including land protection, watershed enhancement, training in holistic management, community building and support for value-added marketing of agricultural products. Extending beyond land matters, the McNeils have adopted innovative calving patterns to provide their 800 mother cows warmer birthing periods during June and July rather than throughout the cooler winter months utilized by most ranchers in the area. In all of these endeavors the McNeils have exhibited innovation, excellence and outstanding effort.

Mr. Speaker, Mike and Cathy have been united in matrimony for 20 years and have the blessing of their daughter Kelly who is 14 years of age. The teachings of her parents are allowing Cathy to value and preserve the heritage from which she comes. Through the extraordinary contributions of the McNeils, wetland protection and land stewardship has been heralded and an example has been established for others to follow in order to obtain ecological health while not compromising agricultural profitability. The National Wetlands Award will be one of many awards that the McNeils have garnered from their hard work—alongside the distinct recognition of being the Colorado Association of Soil Conservation District's Conservationists of the Year in 1999

and the 2001 Steward of the Land Award issued by the American Farmland Trust.

The McNeils deserve to be applauded on a job well done and I, along with my colleagues, thank them for their sustained efforts in this critically important realm and foundation to life.

JUNIOR ACHIEVEMENT

HON. JOEL HEFLEY

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. HEFLEY. Mr. Speaker, I rise to speak today about an organization, which is headquartered in my district and has had an immeasurable impact on America. The history of Junior Achievement is a true testament to the indelible human spirit and American ingenuity. Junior Achievement was founded in 1919 as a collection of small, after-school business clubs for students in Springfield, Massachusetts.

As the rural-to-city exodus of the populace accelerated in the early 1900s, so too did the demand for workforce preparation and entrepreneurship. Junior Achievement students were taught how to think and plan for a business, acquire supplies and talent, build their own products, advertise, and sell. With the financial support of companies and individuals, Junior Achievement recruited numerous sponsoring agencies such as the New England Rotarians, Boy Scouts, Girl Scouts, Boys & Girls Clubs the YMCA, local churches, playground associations and schools to provide meeting places for its growing ranks of interested students.

In a few short years JA students were competing in regional expositions and trade fairs and rubbing elbows with top business leaders. In 1925, President Calvin Coolidge hosted a reception on the White House lawn to kick off a national fundraising drive for Junior Achievement's expansion. By the late 1920s, there were nearly 800 JA Clubs with some 9,000 Achievers in 13 cities in Massachusetts, New York, Rhode Island, and Connecticut.

During World War II, enterprising students in JA business clubs used their ingenuity to find new and different products for the war effort. In Chicago, JA students won a contract to manufacture 10,000 pants hangers for the U.S. Army. In Pittsburgh, JA students developed made a specially lined box to carry off incendiary devices, which was approved by the Civil Defense and sold locally. Elsewhere, JA students made baby incubators and used acetylene torches in abandoned locomotive yards to obtain badly needed scrap iron.

In the 1940s, leading executives of the day such as S. Bayard Colgate, James Cash Penney, Joseph Sprang of Gillette and others helped the organization grow rapidly. Stories of Junior Achievement's accomplishments and of its students soon appeared in national magazines of the day such as TIME, Young America, Colliers, LIFE, the Ladies Home Journal and Liberty.

In the 1950s, Junior Achievement began working more closely with schools and saw its growth increase five-fold. In 1955, President Eisenhower declared the week of January 30

to February 5 as "National Junior Achievement Week." At this point, Junior Achievement was operating in 139 cities and in most of the 50 states. During its first 45 years of existence, Junior Achievement enjoyed an average annual growth rate of 45 percent.

To further connect students to influential figures in business, economics, and history, Junior Achievement started the Junior Achievement National Business Hall of Fame in 1975 to recognize outstanding leaders. Each year, a number of business leaders are recognized for their contribution to the business industry and for their dedication to the Junior Achievement experience. Today, there are 200 laureates from a variety of businesses and industries that grace the Hall of Fame.

By 1982, Junior Achievement's formal curricula offering had expanded to Applied Economics (now called JA Economics), Project Business, and Business Basics. In 1988, more than one million students per year were estimated to take part in Junior Achievement programs. In the early 1990s, a sequential curriculum for grades K-6 was launched, catapulting the organization into the classrooms of another one million elementary school students.

Today, through the efforts of more than 100,000 volunteers in the classrooms of America, Junior Achievement reaches more than four million students in grades K-12 per year. JA International takes the free enterprise message of hope and opportunity even further . . . to more than 1.5 million students in 111 countries. Junior Achievement has been an influential part of many of today's successful entrepreneurs and business leaders. Junior Achievement's success is truly the story of America—the fact that one idea can influence and benefit many lives.

Mr. Speaker, I am proud to have Junior Achievement in my district and proud of its many successes over the years. It is my hope this great organization continues to prosper and benefit many in the years to come.

FHA-INSURED HOSPITAL CONVERSION AND REINVESTMENT ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. LaFALCE. Mr. Speaker, today I am introducing the "FHA-insured Hospital Conversion and Reinvestment Act." This legislation authorizes HUD to reinvest profits from FHA loan insurance programs, including those for health care, in FHA-insured hospitals.

The Department of Housing and Urban Development (HUD) insures billions of dollars of loans for hospitals under the FHA Section 242 hospital loan program. According to the Administration's fiscal year 2002 budget, FHA hospital and health care loan insurance programs are projected to make a profit for federal taxpayers of some \$32 million next year. In addition, all FHA loan programs combined will make a profit of over \$2.7 billion next year for the federal taxpayer.

Currently, all of these FHA profits are used to increase the federal budget surplus. The

legislation I am introducing today would authorize HUD to use some of these profits generated by FHA to pro-actively assist FRA-insured hospitals, either for the purpose of converting excess hospital capacity to related health care use or for the purpose of paying debt service for FHA-insured hospitals.

Conversion of excess capacity helps the hospital which converts and the community it serves. It allows better use of hospital space in a way that is more responsive to the needs of the local community. Conversion also improves the ability of all hospitals in the local area to meet community health needs by reducing over-capacity and allowing some flexibility in the use to which the existing infrastructure can be put. Under my proposed legislation, conversion of excess hospital capacity is authorized for a range of purposes, including supportive housing for the elderly, assisted living, and nursing home beds—health care needs that may be more substantial for many communities than in-hospital care.

The authority under by legislation to use FHA surplus to pay debt service for FHA-insured hospitals is intended to safeguard FHA's pre-existing investment. Such use is contingent on a determination by HUD that such assistance would reduce the risk of default and loss on the FHA-insured loan, and would improve the financial soundness of the hospital assisted. This new authority has the effect of giving HUD similar loss mitigation tools to those it currently has with respect to single-family and multi-family FHA-insured loans.

Congress has long recognized that pro-active loss mitigation is of financial benefit to the FHA insurance fund. For example, HUD gives wide latitude to servicers of FHA-insured single-family loans to restructure debt, including making partial claims, in order to forestall foreclosures. This can be financially advantageous to the FHA fund, since foreclosures typically create a much larger loss to the fund.

The ability to conduct loss mitigation with respect to hospital loans is further complicated by the fact that many FHA-insured hospital loans are structured as public bond offerings. This makes it very difficult to restructure loans, without calling the bonds. Allowing HUD to advance funds to pay debt service obviates the need to call bonds, while allowing HUD to pro-actively address looming financial problems, and avert foreclosure.

This legislation would help FHA-insured hospitals nationwide, but would be of particular benefit to hospitals within the state of New York, which has one of the highest percentages of FHA-insured hospitals nationwide.

Hospitals within our state have adapted to a wide range of challenges, including Medicare cuts, squeezed reimbursement rates from private insurers, and the transition to a de-regulated environment. Community hospitals, with their lack of access to capital, face particular challenges. The least we can do is reinvest profits from federal hospital loans in the hospitals which have generated these profits.

This legislation does precisely that. I urge Congress to adopt it and would welcome the support of my colleagues.