REGARDING BOB WHITE

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 2002

Mr. ORTIZ. Mr. Speaker, I rise to pay tribute to a giant in the South Texas community and a unique American patriot, Bob White, a legendary pioneer in broadcasting in the Coastal Bend, upon the occasion of his retirement.

The General Manager of KIII, Channel 3, in Corpus Christi, Texas, Bob is a broadcast veteran, having spent 33 years in Corpus Christi. After service in the United States Navy, Bob dedicated his entire career to Texas broadcasting.

In 1977, he won the prestigious Abe Lincoln Award, an award presented annually to one television manager in the United States for excellence in broadcasting. He later served as President of the Texas Association of Broadcasters.

After beginning his broadcasting career in radio, he eventually spent 33 years in Corpus Christi television, setting the pace for excellence and telling the stories about numerous memorable events. In 1970, KIII–TV was cited for the excellent coverage and public service in telling the stories and showing the pictures of Hurricane Celia which so damaged the South Texas area. KIII used portable generators and car lights to power and light the pictures; they were up for two days before any other station joined them on the air.

A consummate businessman, Bob understood the value and dynamic of the Hispanic consumer long before the Census did. He followed Hispanic stories, and nurtured the Domingo Pena Show in the latter years of the 20th Century, the only Hispanic television program in South Texas for a long time.

The Domingo Live program is still broadcast each Sunday and is the longest running live, local Spanish language program in America. KIII sits proudly atop the TV ratings in Corpus Christi in very large measure due to the inspired following KIII acquired in the years Bob pursued Hispanic stories.

A native Texan, his proudest achievements are his 3 children, 4 grandchildren, and his 42-year marriage to his wife, Joyce. Bob is a pillar of our community. He has hosted and organized the Driscoll Foundation Children's Hospital Children's Miracle Network Telethon at KIII which began in 1985 and raised nearly $1.5 million dollars in 2002. Bob is an invaluable member of the Chamber of Commerce, the Convention and Tourist Bureau, the Art Museum of South Texas, and numerous other South Texas service organizations.

Bob began his broadcasting career in Port Arthur, Texas, then moved to Bryan-College Station, Texas. In 1961 he went to Houston; in 1967 he moved to Fort Worth; then in 1969 he came to Corpus Christi. His journey from radio to TV came via KIII–TV. He became General Manager in 1972.

I ask my colleagues in the House today to join me in commending the broadcasting career of a pioneer in South Texas television, Bob White.

THE STATE OF FAMILY FARMS

HON. DAVID D. PHELPS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 2002

Mr. PHELPS. Mr. Speaker, I rise today to state that I am very proud to represent the very best of America, the heartland, central and southern Illinois, where family farms and other family owned businesses do more with less.

Recently, I was privileged to speak to a group of farmers about the new Farm Bill and other agricultural issues such as ethanol, biodiesel and value-added products, which will serve to diversify our economy and tax base. I was impressed with the attendance and views of the young people, who offered valuable input at the meeting. They are deeply concerned with the future, and what it holds for them on the family farm.

I want to commend Shana Renae Stine for presenting a quality statement in a speech she created and delivered about changes to save family farms. This work is a very impressive collection of thoughts that clearly come from her heart. I would like to congratulate her on winning awards for this outstanding masterpiece.

LOSING FAMILY FARMS—TIME FOR CHANGE

(By Shana Stine)

Two years ago, I had the opportunity to go with my uncle to ‘‘Rally for Rural America’’ in Washington, D.C. We joined 3,000 other family farmers and Rural Americans with the hope to sway our congressperson toward helping agriculture. I really didn't understand why I was there. I just wanted to go sightseeing. As my luck usually goes, it rained the whole time, making sightseeing impossible. Instead, I was stuck listening to politicians and farmers speak about things that were way over my head. At first I hated it; I wished I'd stayed home. But as the day went by, I heard story after story of families losing their farms. I saw grown men cry and my heart went out to them. I may not have understood why I was there, but I understood pain and suffering, and I knew something needed to change.

America was based on agriculture. The lives of some of the first people here, like Indians and Pilgrims, depended on working the soil. And now we are losing one of our greatest traditions. The U.S. Department of Labor stated, ‘‘Of all occupations in America, farming is facing the greatest decline.’’ The U.S. Department of Agriculture recently projected net farm income to decline by 20 percent in 2002 (about $9 billion) on top of the 25 percent income drop that has occurred since 1996. Another report by the U.S. Department of Labor projected farming and ranching to lose more jobs than any other economic sector in America during the next 10 years. And if that's not bad enough, in November, USDA reported the largest single-month drop in prices since it has been keeping records—over 90 years. Our roots are embedded in agriculture and now they are being turned over and disposed of.

In 1920, more than 30% of the Illinois population lived on farms. By 1960 the percentage dropped to 7.5. From 1960 to 1990, that percentage shrank to 1.6%, and, in the last ten years, it has fallen below 1%. As Illinois loses farmers, so does all of America. On average, 50 American farmers go out of business every day and 16,000 go out of business every year. It has been calculated that 300,000 farmers went out of business between 1979 and 1998. And in the last 10 years, America lost another 155,000 farms. According to the USDA National Agriculture Statistics Service, there are only 1.91 million farmers remaining in the U.S. That's the lowest number of farms in the United States since 1850. A major source of pride and income that our country has valued from its infancy is now disappearing in front of our eyes at a remarkable speed.

One of my favorite songs is American Farmer by Charlie Daniels. My favorite line in the song is ‘‘You better wake up America, wake up America, cause if the man don't work, then the people don't eat!’’ Isn't that the truth? America can't afford to lose 50 farms a day. Farmers generate 15% of the Gross Domestic Product and 1 trillion dollars in economic activity each year. The U.S. is the world's largest agriculture exporter.

So what is causing all of this? One of the biggest factors of the loss of family farms in America is low market prices and high expenses. The market prices now are extremely low. Market prices have dropped every year since the last farm bill was approved. Farmers are getting roughly half of the prices they were receiving in 1996 and it can only get worse without a new farm policy. Currently, these prices are 35–50 percent lower than they were 15 years ago. And the price to operate a farm is off the scale. Fertilizer, tractors, combines, machinery—All of these cost more money than ever.

Another contributor to these problems is corporate farms. They are invading America. Listen to these numbers:

Two percent of farms produce 50 percent of agricultural product sales.

Of the remaining hog farms, 2 percent control nearly half of all hog inventory.

79% of all cattle are controlled by just 4 companies.

98% of all poultry is produced by huge corporations.

Four firms control 82 percent of beef packing, 75 percent of hogs and sheep, and half of chickens.

Corporate farms make up only six percent of farmers, but they take 60 percent of all farm receipts.

Can't you see it? The numbers are right in front of you. Corporate farms are taking over America.

Another sometimes overlooked problem is the small number of new farmers. At no other point in the history of U.S. agriculture, have we faced such a wide generational gap in farm participants. Twenty-five percent of all farmers are 65 years of age and older. Nearly half of all farmers are over age 55, while just 8 percent are under age 35. No one wants to come back and farm. Do you blame them? The state agriculture is in right now is pathetic. In 1998, farmers earned an average of only $7,000 per year from their farming operations. Most family farmers must work jobs off the farm just to make ends meet. 88 percent of the average farm operator's household income comes from off-the-farm sources, Who wants to come back to the farm when they can work in town for twice the money and half the labor?

So what can be done? That's what everyone wants to know. A start would be getting the government to stop hurting family farmers and start helping them. We need a farm bill that is good for family farmers. Something far different than the 1996 FAIR Act, or Freedom to Farm Act. It was drawn up with the supposed intention of leveling the playing field by removing public regulations and allowing the market to dictate the farm industry. It eliminated commodity price support programs. Prices plunged in 1997 and farmers had no safety net. Congress passed an emergency aid proposal, and since then the government has paid farmers billions of more dollars to make up for low prices. Yeah that's great, but if the prices were better then we wouldn't have to deal with this.

Now it's time for a new farm bill The House passed their version in October and the Senate passed theirs this month. There are several differences in the two bills. The House bill would spend about $36 billion over five years and the Senate bill would spend $44 billion in five years. The Senate has payment limitations, which would restrict large farms from receiving huge amounts of money from the government, and a ban on meatpackers owning livestock more than two weeks before slaughter. The House bill spends more on a farm safety net than the Senate bill. The House and Senate each have a committee and they are going to come up with a farm bill that everyone can agree with. They plan on meeting and coming up with a bill by Easter, before Congress recesses.

Something that every citizen can do, and should do, is write his or her congressperson. President Eisenhower once said, ''Farming looks mighty easy when your plow is a pencil, and you're a thousand miles from the cornfield.'' Tell your congressperson how much agriculture affects you. Let him or her know that you support the farm bill. Convince him. Sway him. Just let him know you are out here.

I live on a fifth-generation farm. Farming is all we have. Without it, we have nothing. My grandpa, my uncle and my father—farming is all they know. My brothers want to come back and farm, but will they be able to and will they even want to? Will the market prices be too low and the price to farm too high? Will a corporate farm buy us out? Losing a farm is not like losing a job; it is losing both your livelihood and your home. It's a way of life that is unique and it cannot simply be replaced with something else, because there is nothing else like it.

Something has to change or we can kiss agriculture goodbye not only on my farm, not only in Illinois, but in America. Something has to be done. It's time for change.

INDIVIDUAL AND SMALL BUSINESS TAX SIMPLIFICATION ACT OF 2002

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 1, 2002

Mr. HOUGHTON. Mr. Speaker, today I am introducing a bill, the Individual and Small Business Tax Simplification Act, to address an ever-increasing problem. In 1935, there were 34 lines on Form 1040 and instructions were two pages. Today, there are well over 13,000 pages of forms and instructions. The tax code and regulations have mushroomed to over 9 million words. Approximately eighty-percent of the paperwork burden of the entire federal government is related to tax compliance, and the extent of this burden is staggering. In 2001, individual taxpayers spent an estimated 2½ billion hours on federal tax compliance. Businesses spent an additional 2 billion hours. The value of this lost time is incalculable, but it does not even include the economic cost of decisions based on a faulty understanding of the law. Nor does the 4½ billion hour total include time spent on planning. An added cost of complexity is that it undermines voluntary compliance. It is a haven for promoters of dubious schemes and it often produces unintended consequences.

There are legitimate reasons for some of this complexity. Defining income in a manner that is fair and easy to administer is inherently complex, and, it must be acknowledged, any tax measured by income—even a flat tax—must reflect the way income is earned in a complex economy such as our own. But, for a variety of reasons, the tax code has become far more complicated than necessary. In many cases, there is a clear answer to the question of whether a rational person would design a tax provision the same way from a clean slate. The objective of the legislation I am introducing today is to roll back this sort of complexity. One or more of the bill's provisions would simplify annual filing for every individual taxpayer.

This legislation builds on a bill that I introduced in the 106th Congress, the Tax Simplification and Burden Reduction Act. The Ways and Means Subcommittee on Oversight has held numerous hearings on tax simplification, and the bill draws on the record built at those hearings. Several of the provisions of this legislation appeared first as recommendations in the Joint Committee on Taxation's April, 2001 report, and the staff of the Joint Committee on Taxation has helped to refine all of the proposals contained in the bill. Other provisions originated with the work of the Tax Section of the American Bar Association and the American Institute of Certified Public Accountants. I welcome comments from other individuals and organizations on the bill and other simplification measures.

Our future as a nation depends on our ability to raise revenue in a manner that is fair and equitable. The Internal Revenue Code must be simplified to restore faith by all taxpayers in our tax system.

The proposal includes the following provisions:

I. INDIVIDUAL INCOME TAX SIMPLIFICATION

Alternative Minimum Tax—Inflation has caused many middle-income taxpayers to be subject to AMT by eroding the value of the AMT exemption. Rising state and local taxes have added to the problem, because state taxes are not deductible in calculating taxable income for AMT purposes. The failure to allow a state and local tax deduction for AMT purposes is one of the most unfair aspects of the Internal Revenue Code. It results in double taxation of income, and it forces taxpayers who live in states with higher income taxes to bear a larger percentage of the federal tax burden than those who live in states with lower taxes or no tax. If we allow the AMT to remain unaddressed, this unfair and inequitable disparity will worsen over time.

As a result of inflation, the Joint Committee on Taxation predicts that more than 35 million will pay AMT within ten years. Currently, AMT affects less than 2 million taxpayers. A recent study by the Urban-Brookings Tax Policy Center confirms this finding and further notes that if left unattended the AMT will shift a substantial portion of the tax burden of this country to urban and suburban middle-class taxpayers. Congress would not design a system with these features deliberately, and we should not allow it to happen by default.

Under the proposal, the AMT exemption would be adjusted for inflation since the date it was enacted and indexed for inflation in future years. State and local taxes would become fully deductible under the new AMT. The effect of these changes will be to restore AMT to its intended purpose and stop its growth.

Replace Head of Household Filing Status with New Exemption—Head of Household filing status has long been a leading-source of taxpayer confusion and mistakes during the filing season. In 2000, the IRS fielded over half a million taxpayer questions on filing status. An error on filing status can have consequences throughout the return, and it can lead to costly interest and penalty charges later on. To address this problem, the bill replaces Head of Household filing status with a $3,700 ''Single Parent Exemption.'' This amount will be indexed. The proposal, as a whole, is revenue neutral.

The bill achieves further simplification by cross referencing the new uniform definition of a qualifying child.

Simplified Taxation of Social Security Benefits—Under present law, determining whether and how much social security benefits are subject to tax is a highly involved process that requires the completion of an 18 line worksheet. Many taxpayers are not eligible to use this worksheet, and they must refer to a 27 page publication.

The bill would simplify the calculation by repealing the 85% inclusion rule that was enacted in 1993. This alone would remove 6 lines from the Form 1040 worksheet. Going further, the proposal would index the 50% inclusion rule for future inflation, and greatly simplify the calculation of income for purposes of this rule. Tax exempt interest will no longer be required to be added in the calculation. Indexation will mean that fewer taxpayers will be required to complete the calculation and include benefits in income.

Simplify Capital Gains Tax—Under present law, there are seven different capital gains rates that apply to various kinds of dispositions of property. There are special rates for taxpayers in lower tax brackets, for property held five years or more, and for gain on collectibles. Before 1986, there was one rule: 50% of capital gains are deductible. For any investor who has struggled to fill out Schedule D of Form 1040, it will come as welcome news that the bill proposes a return to the system in place prior to 1986.

No taxpayer will pay a higher capital gains rate under this proposal. By definition, the capital gains rate that individuals pay will be no more than one-half of their marginal income tax rate. Therefore, this proposal preserves the progressivity that is accomplished by a rate structure under current law, and the maximum rate will be no more than one-half of the highest marginal income tax rate. Thus, the maximum effective capital gains rate would be 19.3% in 2003, and an individual in the 10% bracket would have a 5% capital gains rate.

Repeal of 2% Floor on Miscellaneous Itemized Deductions—The bill follows the recommendation of the Joint Committee on Taxation that the 2% floor on miscellaneous itemized deductions should be repealed. This provision was originally enacted in 1986 to ease administrative burdens for the IRS and record keeping burdens for taxpayers.

Instead of easing taxpayers' burdens, it has caused extensive litigation and controversy over such matters as whether an individual is properly characterized as an employee or an independent contractor. It has also resulted in disparate treatment of similarly situated taxpayers. For example, an employee whose job requires him to pay out of pocket for travel,