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On a foundation of mutual confidence and mutual benefit, bilateral relations between the United States and Taiwan will continue to grow.

# INTRODUCTION OF LEGISLATION ON SECTION 1032

**HON. RICHARD E. NEAL**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 10, 2002*

Mr. NEAL of Massachusetts. Mr. Speaker, today I am re-introducing a modest bill to remove incentives for corporations to bet on their own stock. In recent weeks, the Wall Street Journal has reported on the downside risk of this behavior, with several well-known and otherwise successful U.S. corporations forced to recognize hundreds of millions of dollars in losses when a stock price dramatically decreased. What was a successful game during the bull market, has turned into a risky venture in the bear market with corporations forced to buy back stock at prices greatly in excess of market value. A more pernicious aspect of this transaction is that some corporations take the 'best of both worlds.' If they bet right and the price rises, they will pay no tax on the gain; if they bet wrong and it declines, they will simply deduct the loss.

This legislation would apply Internal Revenue Code section 1032 to all derivative contracts. The impact of this change is to prohibit corporations from recognizing gain or loss in derivative transactions to the extent the derivative purchased by the corporation involves its own stock.

Section 1032 states that a corporation generally does not recognize gain or loss on the receipt of money or other property in exchange for its own stock. In addition, a corporation does not recognize gain or loss when it redeems its own stock for cash. Section 1032, as originally enacted in 1954, simply recognized that there was no true economic gain or loss in these transactions.

However, the 1984 Deficit Reduction Act extended this policy to option contracts, recognizing the potential for tax avoidance inherent in these contracts. Since that time, the financial industry has developed a number of new types of derivative products. My legislation merely updates current law to include in section 1032 current and future forms of these new types of financial instruments.

On June 16, 1999, the Tax Section of the New York State Bar Association issued a report on section 1032 which recommended the changes discussed above. In addition, building on the work of the Treasury Department's budget recommendation, the Bar Association also recommended that Congress require a corporation that retires its stock and "substantially contemporaneously" enters into a contract to sell its stock forward at a fixed price, to recognize as income a time-value element. In effect, these two transactions provide a corporation with income that is economically similar to interest income but is tax-free. This legislation includes a provision that recognizes a time-value element, i.e., the version recommended by the Bar Association. The effective date of this legislation is for transactions entered into after date of enactment.

The problem identified in 1984 and in 1999 by the Department of the Treasury is best described in the New York State Bar Association Report. The report states, "We are concerned that all the inconsistencies described above (both in the general scope of section 1032 and in its treatment of retirements combined with forward sales) present whipsaw and abuse potential; the government faces the risk that income from some transactions will not be recognized even though those transactions are economically equivalent to taxable transactions. In addition, the government faces the risk that deductions are allowed for losses from transactions that are equivalent in substance to transactions that would produce nontaxable income, or—because taxpayers may take different positions under current law—even in the same form as such transactions. To avoid these inconsistencies, we believe it is necessary to amend section 1032."

Mr. Speaker, I consider the legislation I am introducing today to be a normal house-keeping chore, something the Committee on Ways and Means has done many times in the past and hopefully will do so in the near future in order to preserve the original intent of the law. As such, I hope it will be seen both in Congress and in the industry as relatively non-controversial, and that it can be added to an appropriate tax bill early in the next Congress. Despite the disappointing record this Congress has compiled to address the fallout from Enron, WorldCom, Tyco and other recent corporate failures, I am hopeful that the next Congress will quickly respond to eliminate provisions in our tax law encouraging such risky behavior by corporations.

## TRIBUTE TO REGINA FISHER ORIOR

**HON. TOM UDALL**

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 10, 2002*

Mr. UDALL of New Mexico. Mr. Speaker, I rise today to pay tribute to Regina Fisher Oriol, who died in May of this year. She was a loving and caring wife and mother and a tireless champion in the fight to eliminate drunk-driving.

Born into a military family, Regina's primary home was Kentucky, where her Army career father was stationed at Fort Knox. Upon graduating from high school, she became a welder, a rare profession for a woman, and rose to the top of her field. Sadly, she was exposed to poor working conditions and developed "metal fume fever," which left her lungs permanently damaged. Deciding to end her career, which now included college welding instruction in western New Mexico, Regina became a full-time wife to husband, John, and a stay-at-home mom to son, Raymond, and daughter, Margaret.

In 1996, Regina's retired father, Franklin, was tragically killed by a drunk driver and, soon after, five others, from one family, were killed in the same manner in the Four Corners area of northwestern New Mexico. Determined to make a difference in the state's DWI fatality rate, Regina created the DWI "Victims' Remembrance Wall," which displayed photographs and stories of victims of drunk drivers,

and she was instrumental in the Wall becoming a traveling exhibit that raised public awareness. The display was placed on view several times in the state Capitol Rotunda in Santa Fe, drawing the attention of the governor, other state officials, and state legislators.

Regina's DWI eradication efforts continued. Because of assistance from her and many others, drive-up liquor windows were closed during my tenure as New Mexico's Attorney General. Regina also worked with state officials in implementing a state highway sign program to remind motorists not to drive while drinking. Over 130 signs now stand in various areas of New Mexico that both warn drivers of DWI and offer tribute to specific victims. The same program has been adopted in other states. Regina was subsequently named the first "Traffic Safety Ambassador of New Mexico" by the New Mexico Department of Transportation.

Regina's dedication was not limited to DWI-related events. She became a public servant volunteer with the local Child Support Division of state government, where she offered remedies to problems related to child support collection and distribution. Regina's efforts helped to increase funding for staff increases, procedure updates, and security enhancements.

Tragedy again struck Regina and her husband, John, in 1999 when both their son, Raymond, two days short of 17, and daughter Margaret, 11, were killed by an inattentive driver while passengers in a friend's car. Even though devastation and a broken heart were now constant companions, Regina continued to work faithfully on the causes in which she so passionately believed.

Regina Fisher Oriol was a generous, compassionate and remarkable individual, whose humanitarian efforts will never be forgotten. I ask my colleagues to join me today in recognizing the life of this extraordinary woman.

## IN RECOGNITION OF REVEREND C.C. CAMPBELL GILLON

**HON. KEN BENTSEN**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 10, 2002*

Mr. BENTSEN. Mr. Speaker, I rise to honor Reverend C.C. Campbell Gillon, on the occasion of his retirement from his pastoral duties at the Presbyterian Congregation in Georgetown located in Washington, D.C., where he has faithfully served his congregation for more than 23 years. His retirement comes at the end of fifty years in the ministry.

The Presbyterian Congregation in Georgetown has over two hundred years of distinguished history, beginning in 1780, under the eminent Stephen Bloomer Balch, pupil of religious leader John Witherspoon and soldier of the Revolution. The church serves as the first Presbyterian Church in what was to become modern-day Washington, D.C., and the oldest church of any denomination with an unbroken ministry. A rare charter, still in effect, was granted in 1806 to "the Presbyterian Congregation in George Town" by an act of Congress signed by President Thomas Jefferson. The Presbyterian Congregation in Georgetown, pioneered in both the religious and cultural life of the community, has served as a cornerstone of faith in our nation's capital, attracting a wide variety of worshipers from political leaders to those seeking spiritual direction.

Rev. Campbell Gillon was born in Edinburgh, Scotland, into a family immersed in the Christian spirit. Both his father and uncles preceded him as ministers of the Church of Scotland. After three years of Army service at the end of World War II, he graduated with a Master of Arts degree from the University of Glasgow before studying theology at Trinity College, Glasgow, under the tutelage of Professor William Barclay, the noted Scottish New Testament scholar. In 1952, Rev. Gillon began an exceptional career that has spanned 50 years, with his first appointment to the historic Buittle Parish in southwest Scotland. The rest of his 27-year ministry in the Church of Scotland was spent in Glasgow, where he presided over the Milton Saint Stephen's Church. Under his extraordinary leadership, Rev. Gillon's beloved church was united with the noted Renfield Church Center, and was expanded to include a public restaurant, concert hall, and other community oriented facilities. In 1978, Rev. Gillon and his wife Audrey visited the Presbyterian Congregation in Georgetown on a six-week work exchange, not knowing how their lives would forever be changed. Soon after his short stay, he returned to his 800-year old parish, the prestigious Cathcart Old Parish, only to receive a call from the Presbyterian Congregation in Georgetown with an offer to join their church family as the senior minister.

Rev. Gillon has earned a reputation of being one of the most thoughtful and provocative interpreters of Christian experience, and has shared his insight and experiences with those who seek knowledge and guidance. He has published, *Words of Trust*, a book of sermons produced in both the United States and the United Kingdom. As a testament to his leadership and wisdom, excerpts from Rev. Gillon's sermons have been featured in newspapers, magazines, and Christian publications around the world.

While Rev. Gillon's religious and spiritual obligations to his growing congregation have always been paramount, as a community leader, he has shared his faith and free time as Chaplain of the Saint Andrew's Society of Washington, D.C., a charitable and social organization of men of Scottish birth or ancestry.

Mr. Speaker, at a time when our nation and many across the world were seeking explanations and direction following the horrific attacks of September 11th, terrorism, and war, Rev. Gillon provided comfort after the storm with his prayer before the House of Representatives and a moving sermon before his congregation. He reminded us that suffering is only temporary, and God's love is forever. Deeply rooted in the traditions of Scotland and the Scottish preachers that preceded him, Rev. Gillon has dedicated himself to the principles of the Presbyterian faith, his congregation and his family.

In his own words, Rev. Gillon captured the sentiments of the entire congregation, "never does the heart wish a good relationship to end." I want to thank Campbell for his leadership, spiritual guidance and devotion to the Presbyterian Congregation in Georgetown, the Washington, D.C. community, and the many lives he and his wife Audrey have touched throughout his career. He leaves a legacy of good work and grace that will be missed.

## RECOGNIZING NATIONAL BREAST CANCER AWARENESS MONTH

**HON. MICHAEL E. CAPUANO**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 10, 2002*

Mr. CAPUANO. Mr. Speaker, I rise today to recognize the month of October as National Breast Cancer Awareness Month. As we acknowledge the progress that has been made toward finding a cure for this deadly disease, let us also place a special emphasis on the importance of continued research, mammography coverage and treatment options.

All women are at risk for breast cancer. The causes of this disease are not fully understood and researchers are still unsure how to prevent it. This year alone, an estimated 203,000 American women will be diagnosed with breast cancer, and almost 40,000 will die as a result of their illness. The good news however, is there are steps every woman can take that will make developing breast cancer less likely. These include a healthy diet, exercising regularly, limiting alcohol intake and an annual mammogram. Regular screenings remain the most effective way to identify breast cancer in its earliest and most treatable stages. For women 40 and over, having mammograms every 1 to 2 years can significantly reduce the risk of dying from breast cancer.

To prevent breast cancer, we must increase awareness of its risk factors and causes. Age and genetic factors have been shown to increase risk, and researchers are now exploring how diet and hormonal factors are linked to possible causes. This information will help women and their doctors make more informed health care choices. Although mammography use has risen, many women are still not making mammography screening part of their routine health care.

Women age 65 and older are less likely to get mammograms than younger women, even though breast cancer risk increases dramatically with age. In addition, Hispanic women have fewer mammograms than Caucasian women and African American women. While mammography rates are increasing for women with health insurance, they have remained low for women without coverage, according to the Commonwealth Fund Surveys of Women's Health. Women below poverty level are less likely to have had a mammogram within the past two years. New efforts are needed to reach older women, racial and ethnic minorities, and women of low income.

Chances of survival are greater if the disease is detected early. In fact, when breast cancer is confined to the breast, the 5-year survival rate is over 95 percent. Researchers and physicians have made tremendous progress in understanding this disease and working toward a cure, but much remains to be done. We must still focus on risk factors, prevention, early detection, diagnosing and staging, treatment, and support care. As we recognize National Breast Cancer Awareness Month let us remember all of those who have lost loved ones to this disease and let us also dedicate this month to all the victims, survivors, volunteers and professionals who combat breast cancer each day.

## RECOGNIZING RICHARD LIPPE

**HON. STEVE ISRAEL**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 10, 2002*

Mr. ISRAEL. Mr. Speaker, I rise today to recognize Richard Lippe, one of New York's most outstanding attorneys. Mr. Lippe has received the Distinguished Leadership Award 2002 from the Coalition on Child Abuse and Neglect. This organization honors individuals who have made lasting contributions in communities.

Mr. Lippe is the leader of the Corporate and Technology Law Group at Meltzer, Lippe, Goldstein & Schlissel, LLP. In 2001, the Long Island Business News named him one of the top 30 attorneys on Long Island. In June of 2002, Governor Pataki appointed Mr. Lippe to the New York State Science, Technology and Academic Research Advisory Council for a second term.

Along with his many professional contributions, he is also very involved in the community. Richard Lippe is a founder, general counsel and member of the Board of Directors of the Long Island Software and Technology Network. He also serves as general counsel and member of the Board of Directors of the Long Island Life Services Initiative. Mr. Lippe is a member of the Board of Trustees of Huntington Hospital, the Nassau County Museum of Fine Art, and the Stony Brook Foundation.

In addition to Mr. Lippe's professional accomplishments and community involvement, he and his wife Camila are the proud parents of three children (two grown), Wendy, David and Michael. It is with great enthusiasm that I congratulate the Lippe family on this wonderful honor.

## NATIONAL CRANBERRY MONTH

**HON. BARNEY FRANK**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 10, 2002*

Mr. FRANK. Mr. Speaker, I am very pleased that Secretary of Agriculture Veneman has proclaimed October of this year National Cranberry Month. The district I have the privilege of representing is one of the most productive in our country in the growing of cranberries, and of course, given that cranberries are native to the U.S., this means Southeastern Massachusetts is one of the most important cranberry growing areas in the world. Cranberry growers have been strong contributors to the economy of Massachusetts, to the protection of open space and other environmental values, and to the addition of nutritious fruit to the American diet. I appreciate Secretary Veneman's proclamation underlining the importance of the growth and processing of cranberries in so many ways and I ask that this proclamation be printed here.

## NATIONAL CRANBERRY MONTH, OCTOBER 2002 A PROCLAMATION

Whereas the cranberry has had a long tradition in North America, first used by Native Americans to make pemmican, a convenience food that kept for long periods of time, as an ingredient in medicine, as a natural dye of clothing, as a symbol of peace, and