health practice in Portage County, Ohio. A clinical psychologist with expertise in both healthy psychology and geropsychology, Dr. Hartman-Stein has taught psychological aspects of healthcare to internal medicine residents at Akron General Medical Center. Currently, she is an Adjunct Instructor at the Kent State University College of Nursing, a Senior Fellow at The Institute for Life Span Development and Gerontology at the University of Akron, and an on-line instructor for the Fielding Institute.

For almost 20 years, Dr. Hartman-Stein has helped individuals and families cope with the stress associated with caregiving and decision-making for older adults. Her work regarding assessment and therapy of older adults has been featured in many professional publications, including her 1998 edited book, Innovative Behavioral Healthcare for Older Adults: A Guidebook for Changing Times. For the past three years, she has been a regular columnist on public policy affecting older adults for the newspaper, The National Psychologist. She is considered a national expert in issues relating to Medicare and mental health.

Dr. Hartman-Stein received her doctorate from Kent State University and Master's degree from West Virginia University in Clinical Psychology. In addition, she received training through the Geriatric Clinician Development program at Case Western Reserve University.

CONGRATULATIONS TO SISTER ROSE MARIE KUJAWA

HON. JOE KNOLLENBERG

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 17, 2002

Mr. KNOLLENBERG. Mr. Speaker, I would like to take this opportunity to congratulate Sister Rose Marie Kujawa as she is inaugurated as Madonna University's sixth president. I would also like to thank her for her extraordinary contributions to Madonna. For over twenty years, Sister Rose Marie has served Madonna, and every person with whom she has worked is eternally grateful for all she has accomplished.

On July 1, 001, Sister Rose Marie became Madonna's sixth president. Sister Rose Marie began her tenure with Madonna in 1975, organizing and teaching the first computer courses to be offered at the university. Later on, as an academic dean, Sister Rose Marie organized Madonna's first graduate program. During her term as academic vice president, the size of the faculty and the percentage of faculty members holding doctorates doubled. Further, the faculty teaching load was brought in line with national standards during Sister Rose Marie's tenure as academic vice president.

Mr. Speaker, it is clear Sister Rose Marie is a woman of great dedication to Madonna University. In addition to her outstanding service to Madonna, Sister Rose Marie is dedicated to improving the lives of others. She has served on the boards of a seminary, social services agencies, nursing homes, retreat centers, a hospice and a hospital. Additionally, she was elected to the leadership team of the Felician Sisters of the Livonia Province.

And so, Mr. Speaker, I submit this tribute to be included in the archives of the history of our country. It is women like Sister Rose Marie Kujawa who make this nation great. I extend to her my congratulations as Madonna University celebrates her inaugural activities on April 20, 2002.

INTRODUCTION OF THE DISTRICT OF COLUMBIA TAX INCENTIVES IMPROVEMENT ACT OF 2002

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 17, 2002

Ms. NORTON. Mr. Speaker, today, during Tax Week in the Congress, I am introducing the District of Columbia Tax Incentives Improvement Act of 2002. The legislation builds on and adds to federal tax incentives I first pressed through Congress in 1997 in order to help produce market-based residential and business stability and growth. I believe the bill has a good chance of passage. This bill is necessary to assure even the sustained stability, let alone real economic growth, that still eludes the District economy and the city government. The bill is essential if the District is to become more economically diverse so that it is not overly dependent on just two sectors—tourism and federal offices. This federal tax package gives the city the tools it needs to begin to produce a self-sufficient economy. After the financial collapse of the 1990s, and after the sunset of the control board last year, Congress has an obligation to help the city do what is necessary to increase its own residential and commercial economic output and independence.

The city does not have that capacity today. Ominously, the District lacks the essential safety valve of other large cities—a state to fall back on in times of economic downturn and distress. The economic forecasters agree that because of congressionally imposed impediments to collecting the natural revenue available to states, including the inability to levy a tax on commuters, no matter how much the District reduces spending, expenditures will continue to grow faster than revenues for the foreseeable future. This trend places the District on a collision course, at worse to insolvency, at best to instability, if the Congress does not assist the District with economic tools to help the city capture its own, natural, steady revenue stream in the marketplace. The surpluses that brightened the city's hopes are trending toward a decline: $185 million surplus in 1997 to a $77.6 million in 2001. Because of congressional constraints on the ability of the District to collect revenue, the District faces an annual structural deficit of $400 million, a figure projected to rise every year. The city's unemployment rate is 6.9% compared with 4.5% in Maryland and 4.1% in Virginia. This picture resembles other large cities in the United States. However, none of these cities survives on city-generated revenues alone, nor could it do so. State assistance is necessary not only to meet current expenses, but also to make up for sharply diminished tax bases in every other major American city.

Fortunately, the federal tax credit incentive approach already approved by Congress is having extraordinary success in promoting economic growth here. My bill will improve upon D.C.-only tax credits that leverage the private sector rather than the government to do the job of growing the economy and will return many times the small tax revenue foregone by the federal government.

The District of Columbia Tax Incentives Improvement Act of 2002 that I introduce today has six important components: first and most important, treatment of the entire District of Columbia as an enterprise zone, to spread to all neighborhoods and businesses tax incentives that have brought substantial benefits to many communities but with the unintended effect of affording an unfair and arbitrary advantage to some businesses and neighborhoods over their competitors; (2) assuring that the tax benefits do not expire before their job is done by extending these D.C.-only federal enterprise zone benefits, to match other jurisdictions with similar benefits; (3) improvements to capital gains provisions, including zero capital gains taxation for businesses holding intangibles; (4) making the $5000 homebuyer credit permanent, to ensure continuation of the tax incentive that is largely responsible for new homebuyers and for maintaining and attracting taxpayers to the city, and that is critical to helping the District achieve the 100,000 new residents necessary to sustain its stability; (5) releasing tax exempt bonds from the private activity bond limit in order to lift the constraints of a valuable tool for attracting businesses to build here; and (6) enacting triple tax exemption for D.C. securities, to put the District on par with the territories who do not pay taxes on their securities.

1. DISTRICT OF COLUMBIA CITY-WIDE ENTERPRISE ZONE

Several extraordinarily valuable enterprise zone tax benefits constitute the major financial tools that have been used for business revival and new commercial and office construction in the city. Among the most successful have been the wage tax credit allowing an employer a 20% credit for the first $15,000 ($3000) of an employee's income if that employee is a D.C. resident. This credit not only helps attract and retain businesses, it also helps to correct the severe imbalance that allows two-thirds of the jobs in the city to go to commuters. Another tax benefit, the elimination of capital gains altogether, is expanding and creating businesses in many city neighborhoods and downtown. A third tax incentive, tax exemption for up to $15 million in bonds, is fueling much of the city's construction boom, and construction alone accounts for the major portion of the increased economic output of the District today.

However, because the District is small and compact, multiple enterprise zones have had unintended, discriminatory effects. High income university students with little personal income have brought Georgetown and Foggy Bottom businesses within the zone, but some businesses in struggling areas of Ward 5 do not qualify. The Willard Hotel can get $3,000 off the first $15,000 it pays any employee, but competitors such as the Hay Adams and the Washington Hilton, cannot. The Hay Adams, one of D.C.'s oldest and most distinguished hotels recently completed renovation of its facilities and helped return tourists to D.C. without the benefit of the $15 million tax exempt bonds because it is not in the zone. These new provisions would eliminate an unearned advantage that forces competition among our already depleted pool of businesses instead of between those in and outside of the District.

The solution is to designate the District of Columbia itself an enterprise zone. Only this solution will erase indefensible distinctions that tear neighborhoods apart and help some D.C. businesses, neighborhoods and residents over others that are similarly situated.

We are simply asking the Congress to do for the business tax breaks what it has already done for the Homebuyer credit: make it available in all parts of the city. The $5,000 Homebuyer Tax Credit has always been citywide, and the success of its citywide approach shows that effective tax breaks can and should be used to encourage the economy throughout the city.

2. EXTENDING THE LIFE OF THE D.C. ENTERPRISE ZONE BENEFITS

Currently, the District of Columbia Enterprise Zone Benefits (including the $3,000 wage credit, zero percent capital gains taxation, tax exempt bonds) expire at the end of 2003. Last Congress, other jurisdictions which enjoy similar tax incentives, had their benefits extended until 2009. The Tax Incentives Improvement Act would extend the life of the D.C. Enterprise Zone Benefits to 2009 to match those of other states.

Since 1997, the economic impact of these valuable tax incentives have been felt across the city, and the evidence of their clear success has enabled me to renew these benefits several times. The evidence is now so convincing that I am seeking not only to renew but to enhance and improve the benefits. In return for hiring D.C. residents, local businesses have claimed hundreds of thousands of dollars in $3,000 employment tax credits which has resulted in the hiring of D.C. residents as required to receive any tax breaks. Representative D.C. businesses that have claimed wage credits include hotels and restaurants, retailers (such as Safeway Foods, CVS Drugs, and Subway Restaurants), offices, janitorial and maintenance services, parking facilities, and telephone, electric, and gas utilities. Although the Internal Revenue Service does not have a mechanism that captures the amount of wage credits claimed, there are thousands of representative examples throughout the city: an accounting firm with 15 District clients that documented claims of $1.9 million over three years; a D.C. manufacturer that claimed tax credits of $400,000 over the same period; a partnership that owns a D.C. hotel that claimed credits of more than $500,000 each year since 1998; and one of the District's largest hotel operators, for tax year 2001, will claim employment tax credits of more than $1.7 million.

In addition, more than $150 million in tax exempt bonds have been issued on behalf of new and expanding for-profit businesses, including such neighborhood retail businesses as K–Mart and CVS Drugs; tourist destinations such as the new International Spy Museum; commercial parking facilities, and social service providers such as the United Planning Organization. Specific amounts include: $11.3 million in tax exempt bonds for the Arnold and Porter law firm; $13 million for a subsidiary of Pepco; $9 million for the Crowell and Moring law firm; and $4.5 million for the American Immigration Lawyers Association. The current pipeline consists of projects valued at over $150 million.

3. IMPROVEMENTS TO CAPITAL GAINS PROVISION

The District seeks the high technology and computer companies that have made the rest of the region rich and that can help diversify the city's economy. Under current federal enterprise zone law, elimination of taxes on capital gains (such as increases in the value of investments in stock or property), does not apply to earnings to D.C. companies and entrepreneurs whose assets consist substantially of so-called ''intangible'' assets (those assets which do not have a physical substance). The most common types of businesses that deal principally in intangibles are information-based technology companies, including those that develop software or maintain Internet sites. Recently, the Internal Revenue Service ruled that businesses in the District holding intangibles could not receive the zero percent capital gains taxation allowed in many neighborhoods in the D.C. enterprise zone. My bill allows technology and other companies to receive the special capital gains treatment subject to appropriate safeguards to ensure that D.C. is not used by such companies as a tax haven.

My bill also makes other important improvements to the capital gains provisions in the D.C. enterprise zone law, including reducing the holding period for assets from five years to two years to help spur investment and growth and reducing the amount of business that must be derived from the zone to receive the special capital gains treatment. Currently, District businesses must derive 80% of their business from the enterprise zone while other jurisdictions only have to derive 50%. My bill corrects this inequity.

4. MAKING THE DISTRICT OF COLUMBIA A PERMANENT $5,000 HOMEBUYER CREDIT JURISDICTION

This provision would make permanent the $5,000 Homebuyer Credit, perhaps the most successful economic stimulus in the city's history. It is chiefly responsible for stemming the flight that almost destroyed the city's tax base during the 1980s and during the financial crisis and insolvency of the 1990s. The credit offers significant evidence that a tightly targeted tax incentive can have a major turnaround effect on a major problem confronting a city.

The credit has been so successful that we have recommended that states do the same for the many large cities that are rapidly losing taxpayers. In 1998, its first full year, despite the city's financial problems and damaged reputation, the credit made the District first in home sales increases in the United States. According to an independent study by the Greater Washington Research Center covering a portion of 1997 and all of 1998, 70% of D.C. homebuyers have used the credit, and 51% purchased homes because of the credit. In 1999 alone, single family home sales have risen in the District by over 10,000 homes. Fannie Mae has converted the $5,000 credit into up-front money towards the purchase of a home, affording the credit significantly greater value to the individual.

The $5,000 homebuyer credit proved itself so quickly and so well that I have been able to get it repeatedly extended by Congress. The credit is minimally necessary if the city is to have any chance of increasing its still small and depleted tax base, an urgent necessity for self-sufficiency. The credit has proved itself so definitively that to get the full effect, it should be enacted permanently.

5. EXEMPT ENTERPRISE ZONE BONDS FROM PRIVATE ACTIVITY BOND LIMIT

Under legislation recently enacted by the Congress, Enterprise Zone bonds issued to finance commercial development projects in Empowerment Zones and Renewal Communities are exempt from the federal Private Activity Bond Limit or PAB. The PAB is the state's annual authorized limit for total tax-exempt bonds projects. Currently, that limit is $150 million per year in the District. The failure to apply this exclusion to the District places the city at a competitive disadvantage with the states, particularly with respect to housing and retail projects. My bill levels the playing field and exempts the District from the $150 million limit, as well as from the $15 million per project limit, to give the District the tools to attract economic development projects to the city.

6. TRIPLE TAX EXEMPTION FOR DISTRICT SECURITIES

Generally, local jurisdictions that issue securities, such as bonds and notes, are subjected to three different levels of taxation—federal, state, and local. Unlike these jurisdictions, the District is the only local government in the continental United States that does not have a state to assist it in supporting basic goverment functions and services. Although Puerto Rico, the Virgin Islands, and American Samoa do not have state support either, they have been granted an exemption of federal, state, and local taxes (or triple tax exemption) on their securities (bonds and notes issued by the Council) to help make up for this deficiency. My bill ends the District's inequitable treatment and exempts District securities, like those in the territories without state aid, from federal, state, and local taxation.

PENSION SECURITY ACT OF 2002

SPEECH OF

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 11, 2002

Mr. UDALL of New Mexico. Mr. Speaker, I rise today in opposition to H.R. 3762, the so-called Pension Security Act of 2002. As we all learned as a result of the monumental collapse of Enron, our pension system needs to be fixed to ensure that Americans' retirement savings are protected.

This bill brought before us today, however, does not ensure this protection. What it does ensure is political cover for the majority so they appear to be protecting people's retirement savings while not creating friction with their corporate allies.

H.R. 3762 doesn't really solve the problems we witnessed last year from the Enron debacle. The majority's bill still restricts employees from selling existing company stock in their pension accounts during the five-year phase-in, and requires them to hang on to employer stock for three years after it is contributed. While employees are restricted during this time, however, company executives would still be free to trade their own stock as they wished.

The substitute bill, which I support, has no such five-year phase-in and allows employees to sell employer stock immediately, once they have been in the plan for three years. The substitute also ensures that employees will know, within three days, when executives are dumping large amounts of their company stock. Ken Lay used loopholes in securities laws to delay disclosure of sales of millions of dollars of company stock. Had employees known about these sales, they may have decided not to continue to purchase Enron stock.