

With these few provisions, my legislation will do much to advance the cause of employee ownership, making ESOPs more effective and fostering the creation of many more ESOP companies. I thank the House and my colleagues for their time, and I ask that they consider joining me by cosponsoring this legislation.

SECTION-BY-SECTION EXPLANATION OF ESOP PROMOTION AND IMPROVEMENT ACT OF 2004

Makes six amendments to the Internal Revenue Code to improve the operation of existing ESOPs for both the plan sponsor and the employee participants, and in some instances make the creation of a new ESOP easier and more attractive.

Section 1. Clarifies that the 1996 and 1997 laws permitting S corporations to sponsor employee ownership through ESOPs allows S corporation distributions on current earnings (referred to as dividends in C corporations) on ESOP shares to be utilized in the same way as dividends under a 1984 law and 1986 law applying to dividends in a C corporation. Specifically, this section would permit the distributions from current earnings by an S corporation on ESOP stock to be passed through to employees without the 10 percent early withdrawal tax currently imposed on the employees. It would also permit distributions on current earnings on ESOP stock to be used to pay the ESOP acquisition debt. Regular income tax will still be due and, in keeping with current law, the S corporation would not be permitted a tax deduction for the distributions from current earnings on ESOP stock. *(The distributions from current earnings are not to be confused with regular contributions to the ESOP by the S corporation which would still continue to be subject to early withdrawal penalties if withdrawn by an employee before death, termination, disability, or retirement.)*

Section 2. Permits the seller of stock to an S corporation ESOP to utilize the current law ESOP tax deferral rollover tax benefit (IRC 1042), under the same restrictions applied to sellers to C corporation ESOPs. In general, to take advantage of IRC 1042, the ESOP must hold at least 30 percent of the corporation's highest class of stock at close of transaction, and the seller must reinvest the proceeds of the sale into the equities of operating U.S. corporations. If these conditions and others are met, the seller may defer the capital gains tax on his or her proceeds until he or she disposes of the qualified replacement property acquired with the sale proceeds. Furthermore, the benefit is applicable only to sales of non-publicly traded stock.

Section 3. Reverses a series of federal court decisions that have upheld a 1989 regulation by the Internal Revenue Service that includes tax deductions taken for dividends paid on ESOP stock when calculating a C-corp's AMT liability. This IRS regulation imposes the corporate AMT under an interpretation of IRC Section 56 that deductible ESOP dividends are included under the preference item known as ACE, or adjusted current earnings. Despite reasoned challenges to the IRS regulation by three taxpayers, courts have upheld the IRS regulations.

Section 4. Makes two minor changes to IRC Section 1042 (first enacted in 1984). The changes would make this ESOP tax benefit more reasonable, particularly due to developments since its enactment. Specifically, this section permits the proceeds from a 1042 sale to be reinvested in mutual funds that are invested in U.S. equities, and provides that an owner of 25 percent or more of one class of non-voting stock will not be automatically prohibited from participating in an ESOP with 1042 securities, and aggregates

the 25 percent owner restriction on participation in a 1042 ESOP to all of the outstanding shares of the corporation, not just one class of shares.

Section 5. Permits early withdrawals from ESOPs (as with other ERISA plans) for purposes of a first time home purchase or payment of college tuition, with various restrictions, including that the withdrawal may not be more than 10 percent of an account balance, and the individual has had to participate five years in the ESOP.

PAYING TRIBUTE TO SCOTT TUCKER

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 9, 2004

Mr. McINNIS. Mr. Speaker, it is my privilege to rise today to recognize Scott Tucker of Golden, Colorado. Recently, Scott announced his retirement from his position as the executive director of the Urban Drainage and Flood Control District. As he moves on to future challenges, I would like to acknowledge his dedication and commitment to better his community before this body of Congress and this nation.

Scott has committed his career to addressing and solving problems pertaining to water resources in urban communities. After receiving a bachelor's and master's degree in civil engineering, Scott began his career in water resources. He first came to work in Colorado in 1970 for the Urban Water Resources Research Program. Two years later he joined the Urban Drainage and Flood Control District, where he is now the Executive Director. As Executive Director, he oversaw programs involving master planning, design and construction, maintenance, floodplain management, and projects involving the South Platte River. He retires from Urban Drainage and Flood Control District after thirty-two years of service.

In addition to his work in water resources, he is an active member of his community. As an avid skier, he is involved in the National Ski Patrol System, where he holds the leadership position of Treasurer. Additionally, he participates in competitive bicycle racing and is a member of the Bicycle Racing Association.

Mr. Speaker, it is a pleasure to honor the accomplishments and service of Scott Tucker. Scott has dedicated his career to dealing with an issue many people take for granted, water as a resource. His leadership at the Urban Drainage and Flood Control District will be greatly missed, and I wish Scott all the best in his future endeavors.

A TRIBUTE TO REGINA KIM

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 9, 2004

Mr. TOWNS. Mr. Speaker, I rise in honor Regina Kim in recognition of her assistance to victims of domestic violence and abuse.

For the past 16 years Regina Kim has reached out to thousands of helpless, desperate, and battered women. As the Executive

Director of the Korean Family Counseling and Research Center, Regina assists women victims of domestic violence, physical and mental harassment, and substance abuse with her compassion and dedication. Through counseling and a 24-hour hotline, crisis intervention services, victim advocacy and public education, the Center's mission of helping women and girls taking charge of their lives is put in practice every day. Regina's round-the-clock dedication to those in need is both inspiring and heartwarming.

The Korean Family Counseling and Research Center was the only counseling center for New York's Korean community when it was founded 31 years ago. Today, the rapid growth in Korean immigration to our city has increased the important role of the center.

By providing hope and encouragement to countless women and their families, Regina has won admiration from her colleagues, the local community, as well as people in Korea. In 1992, she was presented the Social Services Recognition Award by the Korean government for her contribution to the Korean-American community. She has also been honored by the City of New York with an award for Distinguished Leadership in the field of Social Services and an award for Exemplary Leadership, Commitment, and Advocacy on Behalf of all New Yorkers.

Regina was educated at the Chong-gu College in Dae-gu, Korea and at the St. Stephens Outreach Network (Social Welfare). She is an active member of The Advisory Council on Democratic and Peaceful Unification and the Civil Air Patrol. This organization also presented her with an award for Distinguished Social Services.

Mr. Speaker, Regina Kim has helped thousands of women who have been victims of domestic violence and abuse. As such, she is more than worthy of receiving our recognition today and I urge my colleagues to join me in honoring this truly remarkable person.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 2005

SPEECH OF

HON. RUBÉN HINOJOSA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 8, 2004

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 4754) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2005, and for other purposes.

Mr. HINOJOSA. Mr. Chairman, I rise today in strong opposition to the Tancredo amendment.

Earlier this summer, I came to the floor to oppose a similar amendment, and I felt obligated, as an American, to come to the floor today to oppose this misguided one.

Community policing has been successful in our diverse neighborhoods because police have proactively convinced immigrants that they should come forward and talk to local police. Mr. Tancredo's amendments would instill additional fear in immigrants, already under attack from certain political forces despite our Nation's history of welcoming them.

The Tancredo amendment is a veiled attempt to paint immigrants as terrorists and security threats. These immigrants contribute to our economy. They harvest our food, work in our factories and only want to realize the American dream for themselves and their families.

I quoted it the last time I came to the floor, and I will quote it as often as necessary to make my point.

As is inscribed on the Statue of Liberty, we need to remember here in Congress the generous invitation that the United States has always extended to the world: "Bring me your tired, your poor, your huddled masses, yearning to be free, the wretched refuse of your teeming shores. Send these, the homeless tempest tossed to me. I lift my lamp beside the Golden Door."

I fully understand that we need a responsible immigration policy that enhances and ensures our national security. However, the Tancredo amendment is divisive and will, in fact, reduce our security. I strongly encourage my colleagues to oppose this amendment.

TRIBUTE TO PAUL MENDRICK

HON. DIANA DeGETTE

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 9, 2004

Ms. DeGETTE. Mr. Speaker, I rise to honor the notable accomplishments of Paul Mendrick. This remarkable gentleman merits both our recognition and esteem as his impressive record of leadership and invaluable service have improved the lives of countless people.

Paul Mendrick has devoted much of his time, skill and energy to making our State and our community a better place. Born to Joseph and Alice Mendrick in Pueblo, Colorado on October 23, 1948, he graduated from Pueblo South High School and attended classes at Southern Colorado State College. Paul enlisted in the United States Navy in 1970 and served as Yeoman to the Chaplin aboard ship until 1972.

Paul has been a labor leader, political activist and has remained in the vanguard of those dedicated to economic and social justice. During his distinguished career with the United States Postal Service, Paul served in various capacities with the Denver Metro Area Local of the American Postal Workers Union (APWU). He served as President from 1976 to 1992 and again from 1995 until his retirement in 2003. Under Paul's leadership, the Denver local became one of the most progressive locals, and he worked diligently to ensure that Postal Workers were represented fairly and their voices were heard in the United States Congress.

Those who know Paul know that fairness for the working people matters. He is well known for being forthright and a skilled leader not only within the APWU, but in the Labor Movement. For Paul, solidarity has meaning. In 1980, when the Air Traffic Controllers (PATCO) were on strike, Paul and other labor activists opted to travel to the APWU National Convention in Miami, Florida, by motor home rather than cross picket lines to travel by air. As a board member of the Denver Postal Credit Union, Paul was instrumental in lob-

bing Congress against a proposed tax levy on credit unions which still stands today. In 1986, he was among the delegates selected by the AFL-CIO to travel to South America to be part of a grassroots movement to build a worldwide Labor movement.

Paul has also dedicated his life to his family and recently became a grandfather. But for all of life's demanding pressures, Paul has found the time to give back to the community, and he has supported numerous charitable causes. He has spent endless hours working on behalf of the Special Olympics in Colorado and for Muscular Dystrophy. The APWU in Denver has always been a yearly participant in the March of Dimes Walk and, under Paul's leadership, the APWU has continually raised money to feed the homeless and take care of those less fortunate.

It comes as no surprise that Paul was recently elected Secretary-Treasurer of the Colorado AFL-CIO and continues to lobby for worker rights and a decent workplace. He has dedicated his life to working people and has brought both respect and dignity to the Labor Movement. He has used his inestimable skills and talents to advance the public good and the well-being of all our people.

Please join me in commending Paul Mendrick, a distinguished citizen. It is the strong leadership he exhibits on a daily basis that continually enhances our lives and builds a better future for all Americans.

IN HONOR OF GEORGE W. DAVIS

HON. SAM FARR

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 9, 2004

Mr. FARR. Mr. Speaker, I rise today to honor the life of George W. Davis, a longtime member of the Watsonville community, who passed away June 7th, 2004 at the age of 83. George is survived by his wife of 60 years, Mildred Davis, his daughter, his sister, and numerous nieces and nephews.

George served in the Navy as a blimp pilot in 1941 during World War II. He transferred to the Watsonville airport following the war, starting his own construction business in 1948. Throughout the next decades, George built more than 100 area schools, including facilities at Cabrillo College, University of California at Santa Cruz, Aptos High School, Salesian Sisters and Moreland Notre Dame School. He also built numerous churches and other public buildings, including the Watsonville Youth Center. George's dedication to the youth of our community is outstanding, a commitment that we will cherish always. His accomplishments have shaped the Central Coast into the strong community it has become today.

Mr. Speaker, I am immensely grateful for the tremendous gift George gave to our community. His legacy will be cherished for countless generations. I would like to extend my condolences to his family and friends.

HONORING JERRY WHYATT
MONDESIRE

HON. ROBERT A. BRADY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 9, 2004

Mr. BRADY of Pennsylvania. Mr. Speaker, I rise to honor the accomplishments of journalist, former Congressional staffer, Pennsylvania State NAACP Vice President, Philadelphia NAACP President, and activist Jerry Whyatt Mondesire. Mr. Mondesire has consistently proven himself to be a proponent of civil rights and an agent of social activism here in the United States and around the world.

Mr. Mondesire's career as a journalist began in college, where he discovered that each of his school's four student newspapers intentionally overlooked the concerns and affairs of the school's African-American student minority. In response to this negligence, and to address the diverse needs of the student body, he helped found an Afrocentric magazine. Within a year, Mondesire took control of one of the campus' weekly papers and set up a fully integrated staff.

Mr. Mondesire's post-collegiate journalistic career was further marked by the activism that had so deeply characterized his years in college. After a decade in mainstream journalism, he concluded that the "glass ceiling" that denied African-Americans to work and excel to their full potential was present in that field. He left his editorial position at a major Philadelphia newspaper in order to become Chief of Staff for the Majority Whip of the U.S. Congress; there he was able to utilize his talents to combat both foreign and domestic social inequities. After spending 12 years in the most prestigious Congressional staff position, he rekindled his passion, revitalized his journalistic career and sought to address the issue of the journalistic glass ceiling by helping start The Philadelphia Sunday Sun.

In the past twelve years, Jerry Mondesire has become the host of a radio public affairs program on WDAS FM, the host of a cable television program called "Freedomquest", President of the Philadelphia National Association for the Advancement of Colored People, and Vice President of the Pennsylvania state NAACP. This gentleman is clearly an example of social activism at its best.

It is a privilege to recognize someone whose ambition, motivation, and desire for social equality are an inspiration to all Americans. I ask you and my other distinguished colleagues to join me in commending Mr. Mondesire for his lifetime of activism, journalistic integrity, and perseverance.

COMMERCIALIZATION OF GOVERNMENT RESEARCH AND DEVELOPMENT (HEALTHY IT ECOSYSTEM)

HON. TIM HOLDEN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 9, 2004

Mr. HOLDEN. Mr. Speaker, I rise today in recognition of the Government's vital role in developing a healthy and growing information technology sector.

A variety of national and international studies indicate that the broad-based deployment