

service. I am proud to commend him for his lifetime of service and dedication.

HONORING THE FAIRFAX COUNTY NEIGHBORHOOD WATCH PROGRAM

HON. TOM DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. TOM DAVIS of Virginia. Mr. Speaker, I rise today to honor the Neighborhood Watch Program of Fairfax County, Virginia.

In the 25 years since its inception, the Fairfax County Neighborhood Watch Program has achieved great success, with over 900 community programs established since its inception. As former Chairman of the Fairfax County Board of Supervisors, I can personally attest to the program's accomplishment.

The Fairfax County Neighborhood Watch boasts countless volunteers who have selflessly committed themselves to informing local police of suspicious activities. While it is financially and logistically impossible to place a police officer on every street corner, the neighborhood watch has provided Fairfax County with an effective alternative. Neighborhood watch volunteers have become the eyes and ears of local police, deterring crime and saving taxpayers millions of dollars.

Those who take the time to cast a watchful eye on their surroundings ensure a safer, friendlier place to live. Through committed neighborhood watches, these participants have proven that community involvement can make a difference.

Fairfax County Neighborhood Watch participants have bridged culture and language gaps in the name of collective security. By recognizing shared community values, Fairfax County Neighborhood Watch has facilitated improved understanding and relations between individuals from a variety of backgrounds. One of the greatest assets of neighborhood watch is its ability to bring neighbors together.

One of the most active branches of the Fairfax County Neighborhood Watch is the Camelot Neighborhood Watch Program, which is the oldest continuously active neighborhood watch in the United States. This highly accomplished program serves as an impressive model for other organizations across the county and nation.

Mr. Speaker, in closing, I would like to thank the Fairfax County Neighborhood Watch Program for 25 years of dedicated service to its community. Programs like neighborhood watch are vital in our efforts to combat crime. I call upon my colleagues to join me in applauding the Fairfax County Neighborhood Watch's past accomplishments and in wishing the program continued success in the many years to come.

CONFERENCE REPORT ON H.R. 4850, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2005

SPEECH OF

HON. JOHN A. BOEHNER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 6, 2004

Mr. BOEHNER. Mr. Speaker, I rise in strong support of H.R. 4850, the District of Columbia

Appropriations Act for Fiscal Year 2005, which continues to open the door of educational opportunity for the students in our nation's capital. This measure fully funds the DC School Choice Incentive Act which is fundamentally about providing new options and new hope for students and families trapped in a school system that is struggling to survive.

Since the DC School Choice Incentive Program was enacted in January 2004, the Department of Education conducted a grant competition for the administration of the program and has awarded the Washington Scholarship Fund (WSF) the opportunity to run the groundbreaking new endeavor.

And WSF is off to a strong start. More than 2,680 students applied for scholarships for the 2004–2005 school year, and over 1,840 of those students met the eligibility requirements and completed their applications. In the middle of June, a lottery was held and scholarships were awarded to 1,360 students. Of the eligible public school students, only 194 public school students did not receive scholarships because of the limitation on available space in grades 6–12.

Currently there are 53 District of Columbia private, religious and independent schools participating in the program in the 2004–2005 school year. I am pleased that many of the scholarship students have chosen to attend schools in the Center City Consortium—a group of 13 inner city DC Catholic elementary schools within the Archdiocese of Washington located in the most financially challenged neighborhoods in the District. These schools work to ensure that Catholic education continues to be available to all city families, and have enthusiastically begun to educate over 500 scholarship students.

The WSF is continuing its efforts aggressively to make sure families are aware of the scholarships available for the coming school year. With more time to prepare for this fall, the program expects more schools to participate in 2005–2006, more seats to be available, and more parents to apply.

The strength of this program is that it will not only benefit individual students and their families, but the entire education system in the District of Columbia. Everyone agrees that the public school system will remain the primary source of education for a majority of these students. We cannot, and will not, support a proposal that would harm these schools.

My colleague from New Jersey, Mr. FRELINGHUYSEN, has provided tremendous leadership in ensuring that the bill before us continues to provide new money and new options that offers the neediest students opportunities they never had before, and more importantly, provides both increased competition and an infusion of funding that will help revitalize an entire system and help it to better serve each and every student.

The bill continues to appropriate substantial new funding—and let's be clear, this is still new money; we're not draining a single dollar from the public school system in the District. The funding is the full appropriation for the DC school improvement program—giving \$13 million for public school improvements, \$13 million for charter schools and \$14 million for opportunity scholarships to promote academic achievement and school choice.

This measure allows us the opportunity to make a difference in the lives of students and families in the District of Columbia. I'm proud

of the measure before us and grateful for the work of Chairman FRELINGHUYSEN in ensuring the full appropriation. I strongly urge my colleagues to join me in support of students and families and the entire educational system in the District of Columbia.

PRAISING A. JAY CRISTOL'S BOOK "THE LIBERTY INCIDENT"

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. HASTINGS of Florida. Mr. Speaker, I rise today to congratulate Judge A. Jay Cristol of the Southern District of Florida on the completion of his invaluable research on the USS *Liberty* incident. Judge Cristol's doctoral dissertation details the tragedy that befell the U.S. Navy ship USS *Liberty* in 1967 when Israeli aircraft fired upon the ship, killing 34 sailors and wounding 171 others.

Judge Cristol's dogmatic search persuaded the National Security Agency to release classified transcripts proving that Israel's attack on the USS *Liberty* was an accident. Judge Cristol's research shows the Israeli forces attacked the American USS *Liberty* ship because they believed it was an Egyptian ship firing upon their coastline.

Through his diligent work and dedication, Judge A. Jay Cristol has assisted in strengthening the relationship between the United States and Israel and resolving unanswered questions about this unfortunate tragedy. I applaud his efforts, and commend him for this important work.

Mr. Speaker, I encourage my colleagues to join me in applauding Florida's Judge A. Jay Cristol on this important achievement.

HOUSE CALLS

HON. CHARLES H. TAYLOR

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. TAYLOR of North Carolina. Mr. Speaker, today I rise to recognize the poetic talents of one of my constituents—Mrs. Bertie Battle Wilde of Canton, North Carolina. Mrs. Wilde has lived 96 years with deep and tremendous faith. Her belief certainly is evident in her art and I am pleased to share one of her poems, titled House Calls, with my colleagues.

HOUSE CALLS

Jesus makes house calls 24 hours each day
All you have to do is bow your head and pray.

Remember, we are not promised tomorrow,
only today.

He's standing at your heart's door knocking,
Will you let Him in?

He will dissolve your troubles,
And take away your sins.

If you have problems, give Jesus a call.
The number is H-E-A-V-E-N.

He'll show you what to do,
Because He loves you.

He'll talk to you anytime,
Because He's always on the line,
And it won't cost you a dime.

He don't want your money,
But His love to you He will impart.

He cares for you my child.
 All He wants is your heart.
 Please give your heart to Jesus without delay.
 You will be glad you did,
 On that final judgment day.
 Your name will be written in the Lamb's Book of Life.
 No more heartaches, no more dark nights.
 Our heavenly Father will be your shining light.
 Yes, Jesus makes house calls, night and day.
 All you have to do is bow your head and pray.

TAIWAN'S NATIONAL DAY

HON. STEVEN R. ROTHMAN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. ROTHMAN. Mr. Speaker, I rise today in support of Taiwan's National Day, which will be celebrated on October 10, 2004. People in the United States and around the world have always marveled at the modern miracle that is Taiwan and the enormous political and economic successes that it has achieved. As we approach Taiwan's National Day, it only seems appropriate that we congratulate our Taiwanese friends on their many successes.

In just 50 years, Taiwan has transformed from a poor authoritarian dictatorship into a vibrant modern democracy. Last March, Mr. Chen Shui-bian was re-elected the eleventh president of the Republic of China. This was the third democratically-held election for the people of Taiwan. A firm believer in the free enterprise system and the importance of democratic governance, President Chen's leadership has enabled his people to enjoy one of the highest standards of living in Asia, with only 1 percent of its population remaining below the poverty line in 2000. Taiwan has also continued to make steady progress at expanding democracy in this republic: it currently has more than 95 political parties and a Constitution that guarantees its citizens full political rights, including the freedom of speech and the freedom of assembly.

Taiwan is a strong ally of the United States. It has unequivocally supported the U.S.-led war against global terrorism and the U.S. war in Iraq. And we, in turn, have given Taiwan our pledge that Taiwanese way of life should not be threatened by any outside forces. This strong mutual relationship is manifested in many ways. Taiwan is our eighth largest trading partner. The Taiwanese people continue to demand a variety of U.S. exports and consistently choose the United States as their number one travel destination. In fact, every year thousands of Taiwanese people come to my own state, New Jersey, for vacations as well as for business purposes. I am confident that the strong relationship between the United States and Taiwan will continue to grow stronger in the years ahead.

On the occasion of Taiwan's forthcoming National Day, I wish to recognize Taiwan's many economic and political achievements and express my congratulations to President Chen Shui-bian and to the Taiwanese Ambassador to the U.S., Mr. David Lee.

LETTER REGARDING CONFERENCE REPORT TO H.R. 4520

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. THOMAS. Mr. Speaker, I would like to insert in the RECORD, the following letter concerning the Conference Report to H.R. 4520, the "American Jobs Creation Act of 2004."

DEPARTMENT OF THE TREASURY,
 INTERNAL REVENUE SERVICE,
 Washington, DC, October 7, 2004.

Mr. GEORGE K. YIN,
 Chief of Staff, Joint Committee on Taxation,
 Washington, DC.

DEAR MR. YIN: Enclosed are the combined comments of the Internal Revenue Service and the Treasury Department on the new deduction relating to income attributable to domestic production activities contained in the Conference Committee Report on the "American Jobs Creation Act", that you identified for complexity analysis in your letter of October 6, 2004.

Our comments are based on the description of the provision provided in your letter, and the statutory language and description of this provision in the Chairman's Mark for the Conference Committee on H.R. 4520, dated October 4, 2004, as posted on the House Ways and Means Committee web site. Due to the short turnaround time, our comments are provisional and subject to change upon a more complete and in-depth analysis of the provision.

Overall, the conference report provides new tools that will assist the IRS in administering the tax laws. However, thus far in the appropriations process, I would note that Congress has not taken favorable action with regard to the request for incremental enforcement resources for the IRS in the President's FY 05 budget request. As noted in the attached analysis, IRS will face additional challenges and resource requirements in administering the proposed domestic production activities credit.

Sincerely,

MARK W. EVERSON,
 Commissioner.

Enclosure.

COMPLEXITY ANALYSIS OF PROVISION FROM
 H.R. 4520, AMERICAN JOBS CREATION ACT OF
 2004

DEDUCTION RELATING TO INCOME ATTRIBUTABLE
 TO DOMESTIC PRODUCTION ACTIVITIES

Provision

The provision provides a deduction from taxable income (or, in the case of an individual, adjusted gross income) that is equal to a portion of the taxpayer's qualified production activities income. For taxable years beginning after 2009, the deduction is equal to nine percent of the lesser of (i) the qualified production activities income of the taxpayer for the taxable year, or (ii) taxable income (determined without regard to this section) for the taxable year. For taxable years beginning in 2005 and 2006, the deduction is three percent of income and, for taxable years beginning in 2007, 2008 and 2009, the deduction is six percent of income. However, the deduction for a taxable year is limited to 50 percent of the W-2 wages paid by the taxpayer during the calendar year that ends in such taxable year.

For purposes of determining the deduction, qualified production activities income is equal to domestic production gross receipts, reduced by the sum of (a) cost of goods sold allocable to such receipts, (b) other deductions, expenses, or losses, directly allocable

to such receipts, and (c) a ratable portion of deductions, expenses, and losses not directly allocable to such receipts or another class of income.

The provision is effective for taxable years beginning after 2004.

IRS and Treasury comments

Administration, Compliance and
 Controversy

The new deduction for domestic production activities will require the promulgation of extensive, detailed new guidance, particularly in the form of regulations. We anticipate that guidance will be required to address:

1. Which activities constitute production activities;
2. The statutory exceptions to the definition of production activity;
3. The allocation of revenues between production and non-production activities;
4. The allocation of deductions between production and non-production activities;
5. The application of the provision when related and unrelated taxpayers perform parts of the production activity; and
6. Numerous other issues.

We expect that such guidance will be difficult to craft. By distinguishing "production" from other activities, the provision places considerable tension on defining terms and designing anti-abuse rules.

Many businesses, particularly small businesses, will find it difficult to understand and comply with these complex new rules, which will affect not only the computation of a taxpayer's regular tax liability but also its alternative minimum tax liability. It will be difficult, if not impossible, for the IRS to craft simplified provisions tailored to small businesses or other taxpayers.

Taxpayers will be required to devote substantial additional resources to meeting their tax responsibilities, including not only employees and outside tax advisers, but also recordkeeping and systems modification resources. The resulting costs will reduce significantly the benefits of the proposal. Some small businesses may find that the additional costs outweigh the benefits, particularly during the initial phase-in period.

It will be necessary to devote significant audit resources to administering the new deduction. This will be due not only to the novelty of the rule but also to the benefits that are provided to "production activities" over other aspects of a taxpayer's business. Taxpayers naturally will classify everything possible as production activities. Audits, particularly those involving integrated businesses, will have to focus on classification and the allocation of income and costs. Significant additional IRS resources will be needed to administer the provision to avoid diverting resources from other compliance issues (such as tax shelters).

Finally, for all of the reasons discussed above, we anticipate a significant increase in controversies between taxpayers and the IRS. This will increase the number of IRS appeals cases and litigated tax cases.

Tax Forms and Publications

The computation of the deduction relating to income attributable to domestic production activities would be figured on a new form for 2005 of at least 10 lines. The instructions for the new form would likely be at least 3 pages.

Two additional lines would have to be added to each 2005 form or schedule on which the deduction from the new form could be claimed. The deduction would be claimed on the following forms and schedules, among others.

1. Schedule C (Form 1040) (sole proprietors);