

LEGISLATION TO FAIRLY TAX  
"REVERSE MORRIS TRUST"  
TRANSACTIONS

**HON. LOUISE McINTOSH SLAUGHTER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 20, 2011*

Ms. SLAUGHTER. Mr. Speaker, I rise today to introduce legislation that would eliminate a tax loophole that puts at risk telecommunications services and workers in states across the country. The bill seeks to limit "Reverse Morris Trust" (RMT) transactions, a tax avoidance loophole that continues to be utilized by companies, including publicly regulated utility companies. RMT transactions regularly allow companies to avoid paying millions of dollars in taxes while having adverse consequences for consumers, workers and the Federal Treasury.

Under an RMT, a parent company can spin off a subsidiary that merges into an unrelated company tax free if the shareholders of the parent company control more than 50 percent of the voting rights and economic value of the resulting merged company. The result deprives the federal treasury of hundreds of millions of dollars. And all too frequently, the new entity incurs too much debt and lacks the capital needed to maintain services and perform system upgrades that it depends on to provide quality services to its customers and create good paying jobs.

The legislation I am introducing would restrict the benefits of the RMT transaction by removing an incentive for companies to sell off assets tax free by creating a spinoff company that assumes massive amounts of debt. The bill would help protect the interests of consumers and workers, while preventing this unintended loophole from resulting in the loss of hundreds of millions of dollars of federal revenues at a time when our federal deficit is soaring. Based on analysis from the Joint Committee on Taxation in the 111th Congress, closing the RMT loophole would raise approximately \$250 million over 10 years.

One recent RMT transaction provides a prime example of the dangers of this loophole. Despite objections from the public and Congressional members, Verizon utilized the RMT to avoid taxes on a similar transaction with FairPoint Communications in Maine, New Hampshire and Vermont almost four years ago. As predicted, the result was unprecedented consumer complaints lodged with state regulators who were unable to reverse the negative consequences. On October 26, 2009, FairPoint declared bankruptcy, leaving the future of telephone service across all three states uncertain, and potentially putting at risk the compensation and benefits of thousands of employees.

Mr. Speaker, I urge my colleagues to join me in this effort to close this loophole that cheats the American public and helps large companies evade paying taxes by saddling smaller ones with debt.

THE 37TH ANNIVERSARY OF  
TURKEY'S INVASION OF CYPRUS

**HON. CHRIS VAN HOLLEN**

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 20, 2011*

Mr. VAN HOLLEN. Mr. Speaker, I rise on the 37th anniversary of Turkey's invasion of Cyprus to call upon the Government of Turkey to end its unlawful military occupation of the island.

For 37 years, Greek Cypriots have had to live with the memory of being forcibly removed from their homes only to become refugees in their own country. For years, they endured a policy of systematic ethnic cleansing and, despite the insistence of the international community, to this day Cyprus remains under occupation. Forty-three thousand Turkish troops occupy a third of the island, making the area they control among the most militarized regions in the world.

For 37 years, it has been the goal of the international community to reunify Cyprus into a stable and prosperous country where Greek Cypriots and Turkish Cypriots can live together in peace and security.

Attempts to reunify the country have undergone various levels of negotiation for over 45 years yielding few lasting achievements along the way. Even the occasional success has produced little of enduring material value.

For example, in 1979, the U.S. and UN applauded Turkey's agreement to withdraw and handover the uninhabited city of Famagusta to its rightful inhabitants. Every year, the UN calls upon Turkey to honor its commitment, but, to this day, Famagusta remains in the hands of the Turkish government.

The U.S. and the EU and the UN have demonstrated their willingness to work with Turkey toward a lasting settlement in Cyprus that reunifies the country into a bi-zonal federation. By continuing its occupation, by closing its seaports to Cypriot-flagged ships, and by refusing to follow through on its promises, Turkey has continued to ignore the will of the international community.

So, on this 37th anniversary of Turkey's illegal occupation of Cyprus, I ask my colleagues to join me in condemning the continued occupation and join me in calling for Turkey to withdraw its troops from the island.

TRIBUTE TO REV. DR. FRANKLIN  
D. COLCLOUGH

**HON. JAMES E. CLYBURN**

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 20, 2011*

Mr. CLYBURN. Mr. Speaker, I rise today to pay tribute to a man of great faith, who has been a tremendous blessing to the State of

South Carolina. The Rev. Dr. Franklin D. Colclough is retiring from the Presbytery of New Harmony after 23 years of faithful service and 42 years with the Presbyterian Church (U.S.A.). He is deserving of recognition for his lifetime of service to his community and spiritual guidance to his congregants.

Dr. Colclough began his ministry in 1969 after receiving his Master of Divinity at Johnson C. Smith Theological Seminary in Atlanta, Georgia. He earned a Doctoral Degree in Ministry at McCormick Theological Seminary in Chicago, Illinois.

His first ministerial position was as pastor of the Carmel Presbyterian Church in Chester, South Carolina and Mt. Tabor Presbyterian Church in Blackstock, South Carolina from 1969–1971. In 1972 he accepted a call as the fourth, and youngest, installed pastor of the Goodwill Presbyterian Church in Mayesville, South Carolina. Goodwill was founded in 1867, and is the oldest African American Church in Sumter County, South Carolina and one of the oldest in the Sixth Congressional District. He served as Goodwill's pastor from 1972 until 1988. It is worth noting that Dr. Colclough served only three churches in rural South Carolina during his 19 years as a parish minister.

In September 1988 he was called to serve on the staff of New Harmony Presbytery which is headquartered in Florence, South Carolina. Presently Dr. Colclough serves as the Head of Staff and Stated Clerk for New Harmony Presbytery.

Dr. Colclough has served on many boards including the Board of Trustees at Johnson C. Smith University Theological Seminary in Atlanta and the Columbia Theological Seminary in Decatur, Georgia. He has served the Presbyterian Church at all levels including Member, Board of Pension, Moderator, Synod of South Atlantic, Stewardship Consultant for Mission 20/20, and member of the President's Council, Montreat Conference Center.

While serving the church, Dr. Colclough also served 26 years as a Military Chaplain in the United States Army Reserve retiring in 1996 with rank of Colonel.

Dr. Colclough is married to Eddie Segars Colclough. They are the parents of four adult children, Franklin, Jr., Glenys, Shelley, Kriston and grandparents of a granddaughter Kellen and grandson Kriston.

Mr. Speaker, I ask you and our colleagues to join me in congratulating Rev. Dr. Colclough for his faithful service to his community and his state. I sincerely appreciate Dr. Colclough's friendship and guidance over the last 19 years, and his generous advice from the first day I offered to run for Congress. He has been a true leader in the State of South Carolina, and while he will no longer serve in the Presbyterian Church on a daily basis, I am confident he will continue to be a guiding force in the community.

## SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, July 21, 2011 may be found in the Daily Digest of today's RECORD.

## MEETINGS SCHEDULED

JULY 22

9:30 a.m.

Commission on Security and Cooperation in Europe

To hold hearings to examine minority at risk, focusing on Coptic Christian in Egypt and renewed concerns over reports of disappearance, forced conversions and forced marriages of Coptic Christian women and girls.

210, Cannon Building

JULY 26

9:30 a.m.

Armed Services

To hold hearings to examine the nomination of General Martin E. Dempsey, USA for reappointment to the grade of general and to be Chairman of the Joint Chiefs of Staff.

SD-106

10 a.m.

Banking, Housing, and Urban Affairs

To hold hearings to examine the nominations of Martin J. Gruenberg, of Maryland, to be Chairperson and to be a Member of the Board of Directors of the Federal Deposit Insurance Corporation, Thomas J. Curry, of Massachusetts, to be Comptroller of the Currency, Department of the Treasury, and S. Roy Woodall, Jr., of Kentucky, to be a Member of the Financial Stability Oversight Council.

SD-538

Finance

To hold hearings to examine perspectives on deficit reduction, focusing on a review of key issues.

SD-215

Health, Education, Labor, and Pensions

To hold hearings to examine building a ladder of opportunity, focusing on what's working to make the American dream a reality for middle class families.

SD-430

Judiciary

Immigration, Refugees and Border Security Subcommittee

To hold hearings to examine the economic imperative for enacting immigration reform.

SD-226

Homeland Security and Governmental Affairs

Oversight of Government Management, the Federal Workforce, and the District of Columbia Subcommittee

To hold hearings to examine small business contracts, focusing on how oversight failures and regulatory loopholes allow large businesses to get and keep small business contracts.

SD-342

Intelligence

To hold hearings to examine the nomination of Matthew G. Olsen, of Maryland, to be Director of the National Counterterrorism Center, Office of the Director of National Intelligence.

SD-562

2 p.m.

Homeland Security and Governmental Affairs

Oversight of Government Management, the Federal Workforce, and the District of Columbia Subcommittee

To hold hearings to examine Federal workers' compensation.

SD-342

2:30 p.m.

Foreign Relations

Business meeting to consider S. 1280, to amend the Peace Corps Act to require sexual assault risk-reduction and response training, and the development of sexual assault protocol and guidelines, the establishment of victims advocates, the establishment of a Sexual Assault Advisory Council, S. Res. 216, encouraging women's political participation in Saudi Arabia, S. Con. Res. 147, expressing the sense of Congress that Taiwan should be accorded observer status in the International Civil Aviation Organization (ICAO), S. Res. 227, calling for the protection of the Mekong River Basin and increased United States support for delaying the construction of mainstream dams along the Mekong River, S. Res. 175, expressing the sense of the Senate with respect to ongoing violations of the territorial integrity and sovereignty of Georgia and the importance of a peaceful and just resolution to the conflict within Georgia's internationally recognized borders, Treaty between the Government of the United States of America and the Government of the Republic of Rwanda Concerning the Encouragement and Reciprocal Protection of Investment, signed at Kigali on February 19, 2008 (Treaty Doc. 110-23), Convention between the Government of the United States of America and the Government of the Republic of Hungary for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed on February 4, 2010, at Budapest (the "proposed Convention") and a related agreement effected by an exchange of notes on February 4, 2010 (Treaty Doc. 111-07), Protocol Amending the Convention between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, signed on May 20, 2009, at Luxembourg (the "proposed Protocol") and a related agreement effected by the exchange of notes also signed on May 20, 2009 (Treaty Doc. 111-08), Protocol Amending the Convention between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income, signed at Washington

on October 2, 1996, signed on September 23, 2009, at Washington, as corrected by an exchange of notes effected November 16, 2010 and a related agreement effected by an exchange of notes on September 23, 2009 (Treaty Doc. 112-01) and the nominations of Jonathan Don Farrar, of California, to be Ambassador to the Republic of Nicaragua, Derek J. Mitchell, of Connecticut, to be Special Representative and Policy Coordinator for Burma, with the rank of Ambassador, Frankie Annette Reed, of Maryland, to be Ambassador to the Republic of the Fiji Islands, and to serve concurrently and without additional compensation as Ambassador to the Republic of Nauru, the Kingdom of Tonga, Tuvalu, and the Republic of Kiribati, Paul D. Wohlers, of Washington, to be Ambassador to the Republic of Macedonia, William H. Moser, of North Carolina, to be Ambassador to the Republic of Moldova, Thomas M. Countryman, of Washington, to be an Assistant Secretary for International Security and Non-Proliferation, Jeffrey DeLaurentis, of New York, to be Alternate Representative of the United States of America for Special Political Affairs in the United Nations, with the rank of Ambassador, and to be an Alternate Representative of the United States of America to the Sessions of the General Assembly of the United Nations, during his tenure of service as Alternate Representative of the United States of America for Special Political Affairs in the United Nations, all of the Department of State.

S-116, Capitol

Intelligence

To hold closed hearings to examine certain intelligence matters.

SH-219

JULY 27

10 a.m.

Homeland Security and Governmental Affairs

To hold hearings to examine ten years after 9/11, focusing on emergency communications.

SD-342

Judiciary

To hold hearings to examine fulfilling our treaty obligations and protecting Americans abroad.

SD-226

Veterans' Affairs

To hold hearings to examine the lifetime costs of supporting the newest generation of veterans.

SD-562

Joint Economic Committee

To hold hearings to examine maximizing America's prosperity, focusing on how fiscal rules can restrain Federal over-spending.

SH-216

10:30 a.m.

Commerce, Science, and Transportation Oceans, Atmosphere, Fisheries, and Coast Guard Subcommittee

To hold hearings to examine defending United States economic interests in the changing arctic, focusing on if there is a strategy.

SR-253

2 p.m.

Armed Services

Readiness and Management Support Subcommittee

To hold hearings to examine financial management and business transformation at the Department of Defense.

SR-232A