held that, in the earlier contract, the government had expressly assumed the risk of the regulatory change that Congress subsequently enacted.

There is no parallel with respect to international satellites. One cannot construe the 1962 Satellite Act as a governmental assumption of all risks of subsequent regulatory changes with regard to international satellites. This is particularly obvious when Congress incorporates into a law as it did in the Satellite Act a provision reserving the right to repeal, alter or amend the law.

It is an interesting but unanswerable historical question whether the international telecommunications satellite industry would be more advanced and developed today if Congress had kept out of the business in 1962 and allowed the private market to develop on its own. I believe it would, though that is largely beside the point now.

The conservative (as well as liberal) agenda here, as in all other areas of economic life, is for the U.S. government and governments around the world to reduce their regulatory role, especially where that role is to protect an entrenched monopoly.

Congress must withdraw the deadening hand of the 1962 Satellite Act and introduces maximum competition in the international telecommunications satellite industry to the benefit of all consumers.

WASHINGTON LEGAL FOUNDATION,
Washington, DC, May 5, 1998.

Hon. TOM BLILEY,
Chairman, Committee on Commerce, House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN BLILEY: This is in response to your letter requesting a clarification of WLF's views regarding the ''Communications Satellite Competition and Privatization Act'' in light of concerns that WLF's views have been mischaracterized.

I want to make it very clear that the Washington Legal Foundation does not in any way oppose your bill or in any manner support amendments to your bill.

WLF does not engage or participate in any lobbying activity whatsoever. In fact, some members of WLF's own Advisory Boards disagree with WLF's legal analysis of the Takings Clause in connection with this legislation.

Unfortunately, when we sent our analysis to the Members who requested it, we did not anticipate that it would be used as the basis for any legislative tactics or strategy which would oppose your satellite reform bill. We take no legislative position whatsoever.

We are grateful for your leadership on free enterprise issues and appreciate the opportunity to clarify this matter with you.

Sincerely,

DANIEL J. POPEO,
General Counsel.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE,
Washington, DC, February 12, 1997.

Mr. FREDERICK A. LANDMAN,
President and Chief Executive Officer, PanAmSat Corporation, Greenwich CT.

DEAR MR. LANDMAN: I am writing in reply to a letter of January 31, 1997, from your legal counsel, regarding the negotiations on basic telecommunications services at the World Trade Organization. The U.S. goal in these negotiations is to strengthen the ability of the U.S. satellite services industry to compete globally, and on a level playing field, with the inter-governmental satellite services organizations and with satellite service providers of other countries.

The United States has taken a number of steps to make certain that our key trade partners provide market access for satellite-based delivery of basic telecom services. Based on a note issued by the chairman of the negotiations in November, 1996, which has become part of the formal record of the proceedings, we have clarified the scheduling approach with regard to satellites. As a result, close to forty countries have made offers that would provide full market access for satellite-based delivery of all scheduled services, on an immediate or phased-in basis.

WTO members that make specific commitments on satellites will be subject to allocating and assigning frequencies in accordance with the principles of most-favored-nation and national treatment, as well as in accordance with the requirement for domestic regulations in the General Agreement on Trade in Services. Almost all of the countries making full satellite commitments have also adopted the reference paper on pro-competitive regulatory commitments. As a result, they will be obligated to provide additional regulatory safeguards with respect to allocation and use of radio frequencies.

A successful agreement on basic telecom services would also obligate those countries which have not made satellite commitments to provide treatment no less favorable to satellite service providers of the United States than the treatment provided to service suppliers of other countries. This would apply, for example, to how WTO members reach decisions regarding new market access arrangements involving service suppliers of other countries.

I share your deep concern regarding the possible distortive impact on competition in the U.S. satellite services market of certain proposals for restructuring INTELSAT. The United States has proposed a restructuring of INTELSAT that would lead to the creation of an independent commercial affiliate, INTELSAT New Corporation (INC). If made independent, the United States believes that the creation of INC will enhance competition and help ensure the continuation States believes that the creation of INC will enhance competition and help ensure the continuation of INTELSAT's mission of global connectivity for core services. As you are aware, however, many INTELSAT members are resisting the idea of independence for INC and we believe that a failure to achieve independence could adversely affect competition in the U.S. satellite services market. In the WTO negotiations we have taken pains to preserve our ability to protect competition in the U.S. market.

Our legal conclusion, for which there is a consensus among participants in the WTO negotiations, is that the ISOs do not derive any benefits from a GBT agreement because of their status as treaty-based organizations. The status of ISOs was discussed in detail in the GBT multilateral sessions. No delegation in the GBT negotiations has contested this conclusion.

We have also concluded that the United States cannot be forced to grant a license to a privatized ISO (should the ISO change its treaty status and incorporate in a country) or to a future privatized affiliate, subsidiary or other form of spin-off from the ISO. Existing U.S. communications and antitrust law, regulation, policy and practice will continue to apply to license applicants if a GBT deal goes into effect. Both Department of Justice and FCC precedent evidence long-standing concerns about competition in the U.S. market and actions to protect that competition. We have made it clear to all our negotiating partners in the WTO that the United States will not grant market access to a future privatized affiliate, subsidiary or other form of spin-off from the ISOs, that would likely lead to anti-competitive results.

It has always been U.S. practice to defend vigorously any challenge in the WTO to allegations that U.S. measures are inconsistent with our WTO obligations. There is no question that we would do the same for any FCC decision to deny or condition a license to access an ISO or a future privatized affiliate, subsidiary or other form of spin-off from the ISO. For your information, Section 102(c) of the Uruguay Round Agreements Act, specifically denies a private right of action in U.S. courts on the basis of a WTO agreement. Therefore, a FCC decision is not subject to judicial review in U.S. courts based upon a WTO agreement, such as the General Agreement on Trade in Services.

The United States is confident that it would win if a U.S. decision went to WTO dispute settlement. If the United States did not prevail, however, we would not allow trade retaliation measures to deter us from protecting the integrity of U.S. competition policy.

I appreciate the support your firms' representatives have expressed for our objectives in the WTO negotiations.

Sincerely,

CHARLENE BARSHEFSKY,
United States Trade Representative—Designate.

CONGRATULATIONS TO THE WINNERS OF THE EXCELLENCE IN BUSINESS AWARDS

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 20, 1998

Mr. RADANOVICH. Mr. Speaker, I rise to day to congratulate Kuckenbecker Tractor of Madera, Boys and Girls Clubs of Fresno County, Bank of the Sierra of Porterville, Community Health System of Fresno, Duncan Enterprises of Fresno, Valley Public Television of Fresno, Denham Personnel Services of Fresno, Sherwood Lehman Massucco, Inc., Pearson Reality of Fresno, Gottschalks Inc. of Fresno, and Hall of Fame winner, Marilyn Hamilton of Fresno for being honored by the Fresno Bee with the Excellence in Business Award.

For the third year now, The Fresno Bee is recognizing some of the most respected names in business in the San Joaquin Valley. The businesses selected were chosen because of setting trends and serving customers unlike any other business. The winners were also recognized for success, growth, and setting high ethical and community standards. The judges for this event include Fresno Business people, a retired school principle, a member of the Kings County Board of supervisors and other selected community leaders.

Kuckenbecker Tractor of Madera is a family owned business that started in 1945. Richard Kuckenbecker took the small company that employed six people in Madera in 1961 and expanded it into a two-store operation in both Fresno and Madera that employs 40 people and generates $8 million in revenue.

The boys and Girls Clubs of Fresno County is a charitable organization that has a staff and volunteers who work with thousands of children each year. The organization is instrumental in providing educational, social and cultural reinforcement for children.

in 1977, Bank of the Sierra, Porterville was started with a single branch in Porterville by 17 Tulare County residents. It hosted 11 employees and garnered $1.5 million in assets.

Today, it has grown into the largest Valley-based bank with nearly $387 million in assets and more than 230 employees with nine branches and eight specialty credit centers.

Community Health Systemso Fresno is a $400 million-a-year organization that employs more than 4,700 people and has a medical staff of more than 1,100 physicians. Its chief executive officer is Dr. J. Philip Hinton.

Duncan Enterprises of Fresno makes paint and other items for hobbyists. The company expects a 37 percent growth in sales this fiscal year. Duncan Enterprises has been a fixture in Fresno for many years. The company brought the assets of a Massachusetts company and planned to move its operations to Fresno over six months. It worked with the production employees of the company to allow them to stay employed during the phase-out of the operation, while also coordinating training for them in resume writing and interviewing skills.

Valley Public Television of Fresno has operated the San Joaquin Valley's only public television station from its Fresno studios since 1977. It has continued over the years to provide services and programs to meet the diverse demands of the changing community. Colin Dougherty serves as the general manager and executive director of the station.

Denham Personnel Services of Fresno was founded 28 years ago by B. G. ''Bud'' and Jean Denham. It started off as a single office and has grown to include offices in Madera and Selma and a full-time staff of 14. On every working day of the year, an estimated 200–300 people in the Valley get up and go to work because they have been placed in jobs by Denham Personnel Services.

Sherwood Lehman Massucco, Inc. of Fresno is an executive search firm that has been finding top management talent for companies located in Central California since 1978. The firm believes in recruiting locally if possible, but has extensive experience in nationwide searches when the best candidate is not available in the Valley.

Pearson Realty of Fresno was founded in 1919 and has become one of the largest independently owned commercial real estate firms in the Valley. Its farm division is the largest in California and possibly the nation. The company pays a portion of net profit back to employees in the form of bonuses.

Gottschalks, Inc. of Fresno was founded in 1903 in downtown Fresno by Emil Gottschalk. The regional retailer has grown to 37 department stores and 22 specialty stores employing more than 5,500 people at sites in California, Nevada, Washington and Oregon. It is the only Central Valley-based company traded on the New York Stock Exchange, going public in 1986.

Hall of Fame winner, Marilyn Hamilton of Fresno had a sudden turn of events in her life almost 20 years ago when she became paralyzed in a hang-gliding accident. Frustrated by the clunky design of her wheelchair, Hamilton and two hangglider friends built their own lightweight chairs. They formed Motion Designs, which was bought by Sunrise Medical in 1986. Hamilton is now vice president of consumer development at Sunrise, and the Quickie wheelchair she designed has become an industry leader.

Mr. Speaker, it is with great honor that I congratulate these fine businesses and business leaders in the community. These exceptional businesses and business leaders were honored for their unique contributions to the business community and exemplary business skills. I ask my colleagues to join me in wishing Kuckenbecker Tractor of Madera, Boys and Girls Clubs of Fresno County, Bank of the Sierra of Porterville, Community Health System of Fresno, Duncan Enterprises of Fresno, Valley Public Television of Fresno, Denham Personnel Services of Fresno, Sherwood Lehman Massucco, Inc., Pearson Reality of Fresno, Gottschalks Inc. of Fresno, and Hall of Fame winner, Marilyn Hamilton of Fresno many more years of continued success.

CLASSIFICATION OF NATURAL GAS GATHERING LINES

HON. SAM JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 20, 1998

Mr. SAM JOHNSON of Texas. Mr. Speaker, today I have introduced legislation, H.R.—to provide much needed certainty with respect to the proper depreciation classification of natural gas gathering lines. Natural gas gathering lines play an integral role in the production and processing of natural gas as they are used to carry gas from the wellhead to a gas processing unit or interconnection with a transmission pipeline. In many instances, the gathering network for a single gas field can consist of hundreds of miles and represents a substantial investment for natural gas processors.

The proper depreciation classification for specific assets is determined by reference to the asset guideline class that describes the property. Asset class 13.2, subject to a 7-year cost recovery period, clearly includes:

> . . . assets used by petroleum and natural gas producers for drilling wells and production of petroleum and natural gas, including gathering pipelines and related production facilities.

Not only are gathering lines specifically referenced in asset class 13.2, but gathering lines are integral to the extraction and production process. Nonetheless, it has come to my attention that some Internal Revenue Service auditors now seek to categorize natural gas gathering lines as assets subject to a 15-year cost recovery period under asset class 46.0, titled ''Pipeline Transportation.''

Over the past several years, I have corresponded and met with officials of the Department of Treasury seeking clarification of Internal Revenue Service policy and the issuance of guidance to taxpayers as to the proper treatment of these assets for depreciation purposes. These efforts have been to no avail. In the meantime, the continued controversy over this issue has imposed significant costs on the gas processing industry on audit and in litigation, and has resulted in a division of authority among the lower courts as to the proper depreciation of these assets. While it is not my intent to interfere with ongoing litigation, I do believe that legislation is needed to clarify the treatment of these assets under the Internal Revenue Code in order to provide certainty to the industry for tax planning purposes, and to avoid costly and protracted audits or litigation.

Accordingly, I have introduced legislation that would amend the Internal Revenue Code to specifically provide that natural gas gathering lines are subject to a 7-year cost recovery period. While I believe that this result should be axiomatic under existing law, this bill would eliminate any uncertainty surrounding the proper treatment of these assets. The bill also includes a proper definition of ''natural gas gathering lines'' to distinguished these assets from pipeline transportation for purposes of depreciation.

I urge my colleagues to support this important legislation.

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. NATURAL GAS GATHERING LINES TREATED AS 7-YEAR PROPERTY.

(a) IN GENERAL.—Subparagraph (C) of section 168(e)(3) of the Internal Revenue Code of 1986 (relating to classification of certain property) is amended by redesignating clause (ii) as clause (iii) and by inserting after clause (i) the following new clause:

''(ii) any natural gas gathering line, and''.

(b) NATURAL GAS GATHERING LINE.—Subsection (i) of section 168 of such Code is amended by adding at the end the following new paragraph:

''(15) NATURAL GAS GATHERING LINE.—The term 'natural gas gathering line' means the pipe, equipment, and appurtenances used to deliver natural gas from the wellhead to the point at which such gas first reaches—

''(A) a gas processing plant,

''(B) an interconnection with an interstate natural-gas company (as defined in section 2(6) of the Natural Gas Act), or

''(C) an interconnection with an intrastate transmission pipeline.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service before, on, or after the date of the enactment of this Act.

ON THE SPEAKER'S VISION FOR HEALTH IN THE 21ST CENTURY

HON. RICHARD K. ARMEY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 20, 1998

Mr. ARMEY. Mr. Speaker, I would like to insert in the record a transcript of a recent speech on the subject of health in the 21st century by the Speaker of the House, the gentleman from Georgia, Mr. GINGRICH.

As is so often the case, this speech by the gentleman, given to the American Association of Health Plans in mid-February, is full of insight.

At a time when the liberals and some doctors' associations are pressing for new government mandates on health insurance companies, and President Clinton is trying to achieve socialized medicine incrementally, it is important that we step back, as the Speaker wisely observes, and rethink the whole question of how to improve health and not just health care or health insurance.

In the coming health-care revolution, which promises to be an age of highly informed consumers and entrepreneurial doctors and insurers coming together to provide ever greater quality for customers at ever lower cost—in such an age the old prescriptions of regulation and mandates will be shown for the anachronisms they really are.

America's health-care system, for all its many faults, is still the best system in the