TRIBUTE TO THE LATE SEELY JOHNSTON

HON. TIM JOHNSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 6, 2001

Mr. JOHNSON of Illinois. Mr. Speaker, on February 7, 2001, the 15th District of Illinois lost a dear friend in Seely Johnston. Seely was born May 25, 1903 and lived in the Champaign-Urbana area for all of his 97 years. During that time he made his mark as a Champaign City Council member, sporting goods store owner, and friend of all. Seely said he was always guided by the advice of his father who told him once that making a living is important, but not as important as making friends. Whether it was with the likes of Harry Houdini or one of the many University of Illinois students he had over for breakfast every Sunday morning, Seely took this advice to heart. There are few people, in each community and generation, who not only enrich lives during their lifetime, but also leave a legacy. Seely Johnston was one of these people. Without Seely, the Champaign-Urbana area would have been a lesser place.

INTRODUCTION OF A BILL TO REDUCE THE ALTERNATIVE MINIMUM TAX RATE TO 25 PERCENT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 6, 2001

Mr. CRANE. Mr. Speaker, today I am introducing three pieces of legislation to refine the tax proposal put forward by President Bush. Let me state at the outset that I fully support President Bush's tax proposal as he laid it out. I think it is appropriate for the times and well-designed. Even so, there is no legislation or proposal that cannot be improved upon. And so I offer these three bills in this spirit and in the belief that the President in all likelihood would and should support them.

The first bill I am introducing takes as its starting point the income tax rate reductions proposed by President Bush, phased in over ten years. I have included these rate reductions to provide the context for my proposed refinement, which is to reduce the tax rates of the individual Alternative Minimum Tax (AMT) from 26 and 28 percent to 25 percent, consistent with the reduction of an individual income tax rate under the Bush proposal from 28 to 25 percent.

The individual (AMT) is a complex and unfortunate aspect of our tax code. Most taxpayers are blissfully unaware that they are, in fact, subject to two federal income taxes—the regular income tax and the AMT—and that their annual tax liability is the greater of the two produced by these two systems. The modern AMT was intended to ensure that certain upper-income taxpayers paid a significant amount of tax. It was to achieve this objective by denying to these taxpayers certain deductions and exemptions available under the regular income tax. For example, in addition to denying taxpayers any of a set of ''preferences'', such esoteric items as excess intangible drilling costs and a deduction for pollution control facilities, the AMT denies taxpayers the personal exemptions allowed under the regular income tax, and denies them a deduction for State and local taxes paid.

For a variety of reasons, the number of taxpayers, especially middle-income families, subject to the individual AMT has been soaring in recent years, and this trend is expected to continue. Ideally, the AMT should be repealed outright. The abuses the AMT was established to address have long since been eliminated from the income tax. Until full repeal becomes timely, however, we must at least ensure that matters do not worsen.

In the context of the Bush income tax rate reductions, the AMT poses additional problems because these rate reductions do not extend to the AMT rate. This means that many taxpayers currently subject to the AMT suffer the additional wrong of being excluded from any tax relief under the Bush program. This is patently unfair as many Members on both sides of the aisle have pointed out.

It also means that many more taxpayers will see far less tax relief than is intended. This would occur for those taxpayers whose current regular income tax liability barely exceeds their AMT liability. Once the Bush rate reductions are put into effect, these taxpayers' regular income tax liability will drop below their AMT liability. They will still receive some tax relief, to be sure, but far less than they expected and far less than was anticipated when the Bush proposal was developed.

The new income tax rate structure suggested by President Bush starts at 10 percent, and then rises to 15 percent, 25 percent, and finally 33 percent. The current individual AMT has two rates of 26 and 28 percent. My bill reduces the AMT rates to a single rate at 25 percent to be more consistent with the President's proposed rates. Thus, my proposal would reduce marginal tax rates for AMT filers so they, too, have a better incentive to work, save, and invest. Just as important, however, under my bill current AMT filers and near AMT filers would join with all other taxpayers in enjoying significant tax relief.

This legislation is sound tax policy. By any measure it increases fairness in the tax code. And it deserves the support of this Congress.

IN HONOR OF THOMAS G. FERN

HON. KEN LUCAS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 6, 2001

Mr. LUCAS of Kentucky. Mr. Speaker, I rise today in recognition of Thomas G. Fern, immediate past State Director of the United States Department of Agriculture in Kentucky.

For more than 35 years, Mr. Fern has served the people of Kentucky thru his work at USDA/Rural Development, formerly the Farmers Home Administration. Mr. Fern served as Assistant County Director, County Director, and District Director before being appointed State Director by President Clinton in 1993. His broad experience in agriculture, housing, and community development made him a strong advocate for the people of rural Kentucky. His wealth of experience and knowledge qualified him to serve on various committees and commissions such as the Kentucky Renaissance Committee, The Kentucky Rural Water Resource Commission, and the Kentucky Appalachian Commission.

Mr. Fern administered with great professionalism the programs offered by USDA Rural Development, including Rural Utilities Service, Rural Housing Service, and Rural Business Service, as well as the Empowerment Zone, Enterprise Community, and Champion Communities programs. Mr. Fern worked hard to help rural Kentucky reap the benefits of these programs. As a result, many community improvements were funded during Mr. Fern's time as State Director of USDA/Rural Development, and I and my fellow Kentuckians owe him a big thank-you. Projects funded under his leadership will improve the quality of life in the great Commonwealth of Kentucky for decades to come.

I rise today to commend Thomas G. Fern for his 35 years of service to the people of rural Kentucky. I ask my colleagues to join me in thanking him and wishing him well.

LEGISLATION TO SIMPLIFY THE EXCISE TAX ON HEAVY TRUCK TIRES

HON. WES WATKINS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 6, 2001

Mr. WATKINS. Mr. Speaker, I rise today to introduce legislation that would simplify the excise tax on heavy truck tires.

The IRS and the tire manufacturers are today laboring under an unnecessary administrative burden. The tire industry pays an excise tax on heavy truck tires that goes directly to the Highway Trust Fund. But the means by which the IRS collects the tax are inefficient and costly. Under the current collection system, the IRS requires manufacturers to weigh each line of taxable tires for each tire size, to track the sales and taxes paid for each tire, and to maintain burdensome compliance systems to verify sales and tax payments by weight. Manufacturers must determine if a tire is for a taxable highway use or for a non-taxable off-road use, and then track whether the purchasers are tax exempt. This system of tax collection is both onerous and wasteful; I propose we change it.

The legislation I am introducing today would reduce these administrative burdens without reducing any revenue to the Highway Trust Fund. It does this by revising the current system based on the weight of the tire to one based on the weight-carrying capacity of the tire. This new system would simplify the payment and collection of taxes for both the tire industry and for the IRS—resulting in reduced expenses for both.

We also may simplify this tax by adopting a bright line that identifies which tires are subject to the excise tax. Under the Federal Motor Vehicle Safety Act, as administered by the Department of Transportation, all tires sold in the U.S. for highway service are required to be marked with the maximum weight carrying capacity of the tire. The IRS would take the data already collected by the DOT and base its tax on the amount per pound of weight carrying capacity. And the tax rate would be set at an amount that provides revenue neutrality to the U.S. Treasury.

This much-needed bright line test would be simple to apply and easy to enforce: Tires that