Education – GOP Tax Appropriations

EDUC — TAX
GOP proposals

Amendments Take Aim At Size Of Rural TV Loan Program

TELECOMMUNICATIONS A KEY HOUSE subcommittee is expected to sign off on rural television legislation today after producing a series of changes to the bill in order to reduce risk to taxpayers and cut the bill's price tag.

House sources said Republicans and Democrats on the Commerce Telecommunications, Trade and Consumer Protection Subcommittee would offer as many as a half-dozen changes during today's markup.

Rep. Steve Largent, R-Okla., will seek the most dramatic change in the bill by offering a substitute measure to replace the House bill with a narrower version of the Senate bill.

In total, the legislative moves could dramatically reshape the bill — and perhaps draw opposition from the House Agriculture panel, which has primary jurisdiction over the measure and unanimously endorsed it earlier this year.

Reps. Bob Goodlatte, R-Va., and **Rick Boucher**, D-Va., the lead supporters of the bill, have said they expected a "thorough" review by the Commerce panel and maintain that the committee will not make sweeping changes to the measure.

The development comes as a key rural senator — **Sen. Tim Johnson**, D-S.D. — told *CongressDaily* he will try to amend the Senate version of the rural television bill when it reaches the Senate floor next week.

At issue is legislation that would create a $1.25 billion federal loan guarantee to encourage for-profit and nonprofit companies to *continued on page 14*

Ways and Means Panel OKs Bill With Education Tax Breaks

TAXES BRUSHING ASIDE A presidential veto threat, the House Ways and Means Committee approved a bill Wednesday that would increase tax credits for education expenses four-fold and extend the break to families with children in elementary and high schools, *National Journal News Service* reported.

Similar in most ways to Education Savings Account legislation that passed the Senate last month, the GOP-backed House bill would raise the current $500 per year, per pupil limit on tax-free savings accounts for education to $2,000. It would be available for students enrolled in private and parochial schools as well as public schools and colleges.

House Ways and Means Chairman Archer said his legislation would enable parents to use money from the accounts for a wide array of purposes — including tuition, books, supplies, tutors and school uniforms.

President Clinton vetoed a similar bill in 1998, and the administration said Wednesday that a similar fate awaits this measure if it is sent to the White House.

Complaining that Republicans appeared to be more interested in creating an election year issue than in negotiating an agreement with Clinton on education legislation, panel Democrats chided the GOP for continuing to court vetoes.

"All you're doing," said **Rep. Sander Levin**, D-Mich., "is retreading the same thing the president vetoed before."

But **Rep. Mark Foley**, R-Fla., insisted that Republicans would keep sending such legislation to the president "over and over again" until he signed it because "it is good public policy."

Before moving the bill to the full House — which is expected to take it up next week — the committee rejected a substitute bill offered by **Ways and Means ranking member Charles Rangel**, D-N.Y., and **Rep. Nancy Johnson**, R-Conn., that would have stripped the tax breaks from the bill and provided instead for modest subsidies to help school districts finance the construction and renovation of dilapidated buildings.

Johnson later cast the only Republican vote against the underlying bill, which passed 21-16.

The committee's debate followed a familiar script, as Republicans renewed their drive to provide more money for education through a variety of tax breaks that would amount to about $11.6 billion over 10 years. But Democrats argued that aid to schools should be targeted to families of modest means and to public schools with greater numbers of lower income pupils.

Rep. Kenny Hulshof, R-Mo., citing a CBO estimate, said 70 percent of the benefits from the tax-free accounts would go to public school students from families with annual incomes below $70,000.

But Jonathan Talisman, the Treasury Department's assistant secretary for tax policy, disputed that claim. He insisted the tax breaks would mainly benefit more affluent families and would "divert scarce resources" from public schools to private and religious schools.

In addition to the Education Savings Accounts, the GOP's bill would provide more time for local school districts to complete construction and repair of buildings, thus avoiding the need to rebate any earnings from investing unexpended bond issue proceeds.

The bill would permit earnings from prepaid college tuition plans to be tax-free, rather than tax deferred, and enable private universities to set up tax-free, prepaid tuition plans for the first time.

The measure also would repeal the five-year rule that currently limits the time in which college graduates must repay their student loans or face the loss of a tax deduction for interest paid on the loans.

Income limits for those eligible to claim the deduction would be raised and the ceiling for married couples filing joint returns would be raised to twice the income limit for singles.

And the bill would extend a current provision that allows corporations take a charitable tax deduction for donations of used computers to elementary and secondary schools.

— *BY DAVID HESS*

Legislators Seek More Information On Upcoming Ag Talks

TRADE

WITH THE WORLD Trade Organization Agriculture Committee set to meet today and Friday in Geneva to determine the future of the agricultural trade negotiations built into the Uruguay Round, both legislators and lobbying groups are putting on the pressure for more action.

Sens. Byron Dorgan, D-N.D., and **Larry Craig**, R-Idaho, and **Reps. Earl Pomeroy**, D-N.D., and **Mike Simpson**, R-Idaho, and four members of the European Parliament — including former French Agriculture Minister Michel Rocard — sent Trade Representative Barshefsky and European Union Trade Minister Pascal Lamy letters Wednesday. The letters request that the Office of the U.S. Trade Representative and the European Union report to them by May 1 on the key issues and objectives of the upcoming round of agricultural negotiations that need to be resolved between the European Union and the United States.

The letter also asked the trade officials to provide "relevant comparative statistics from the WTO and the Organization for Economic Cooperation and Development that will help us understand the rationale behind your objectives for WTO disciplines on agricultural subsidies and support."

The letter noted the eight legislators had chaired a meeting of members of Congress and the European parliamentarians during the trade ministerial in Seattle late last year. They concluded that the Americans and the Europeans, despite their conflicts over export subsidies, had common interests — but often have disagreements over supposedly factual information.

"The ministerial meeting in Seattle was not a failure, but a delay" that gives legislators "a little more time try to resolve our differences," the eight wrote.

In addition, a delegation of U.S. agribusiness and commodity group lobbyists went to Geneva last week and met with WTO, U.S., European, Japanese and Cairns Group representatives.

Craig Thorn, a former U.S. trade negotiator who accompanied the group, said their message was the U.S. agriculture community still wants action as soon as possible — despite discussions about not making progress in the agriculture negotiations until after the U.S. and French elections.

On Wednesday, the Grocery Manufacturers Association and other food industry groups released a letter asking Agriculture Secretary Glickman to conduct an in-depth analysis of the barriers facing exports of processed foods and beverages around the world.

The letter noted that trade in processed foods and beverages is increasing twice as fast as commodity exports, but that these products still face disproportionately high tariffs.

— *BY JERRY HAGSTROM*

N.E. Senators Delay Time Agreement On Crop Insurance Bill

AGRICULTURE

THE SENATE Wednesday began debate on the crop insurance reform bill sponsored by **Sens. Pat Roberts**, R-Kansas, and **Bob Kerrey**, D-Neb., and introduced in final form by **Senate Agriculture Chairman Lugar** — but agreement on a time limit was delayed by opposition from Northeastern senators, mostly Democrats, who say the bill does not provide enough benefits for their region.

The Senate is under intense pressure to bring up the bill because the FY2000 congressional budget resolution provides an additional $6 billion for crop insurance. Congress is in the process of writing a new budget resolution — and, when it goes into effect, the $6 billion could be gone.

A Lugar spokesman said Democrats had not agreed to a time limit on debate — but an aide to a key Midwestern Democratic senator said the problem was not partisan, but regional.

He also said senators from New York, New Jersey and Vermont were raising objections to the bill. The aide contended that the Northeasterners' charges are not true and statistics can prove the Northeast is getting its proportional share of benefits.

The aide noted that even though Lugar had opposed the Roberts-Kerrey bill in favor of his own measure, he was managing the legislation on the floor — and that the Senate Agriculture Committee staff is not helping th Northeasterners oppose the bill.

Agriculture Secretary Glickman Wednesday released a letter saying the administration wants Congress to revise or delete provisions that it feels are in conflict.

Agriculture Secretary Glick Wednesday released a letter saying administration wants Congress to vise or delete provisions that it fee are in conflict — due to the subsidization of private insurance companies that are part of the bill.

The bill specifies that the chairman of the board overseeing the Federal Crop Insurance Corp. must be a board member from the private sector.

"Establishing a major government program with a $32 billion liability for which the taxpayers are ultimately responsible, under the control of a part-time board not supervised by any government official who is accountable to the taxpayers, and with a built-in conflict of interest, disrupts channels of responsibility and destroys financial and political oversight," Glickman wrote.

— *BY JERRY HAGSTROM*