

Services performed by fishermen are exempt from FICA tax in their remuneration is a share of the boat's catch—or cash proceeds from the sale of a share of the catch—and if the crew of such boat normally is made up of fewer than 10 individuals. In addition, the remuneration received by those fishing boat crew members whose services are exempt for purposes of FICA is not considered to be wages for purposes of income tax withholding. Furthermore, wages paid during 1981 to fishing boat crew members who are self-employed for purposes of FICA are not subject to FUTA taxes, section 822 of the Economic Recovery Tax Act of 1981.

The amendment extends for 1 year, through 1982, the FUTA tax exemption for wages paid to fishermen whose remuneration is exempt for purposes of FICA.

Mr. MITCHELL. Will the Senator yield?

Mr. SYMMS. I am happy to yield to the Senator from Maine.

Mr. MITCHELL. Mr. President, the Miscellaneous Revenue Act of 1981 (H.R. 4717) contains an amendment which I offered in the Committee on Finance. My amendment simply extends through calendar year 1982 a provision applying only to 1981 contained in the Economic Recovery Tax Act, which was enacted last summer. This provision exempted from the Federal Unemployment Tax Act crew members on fishing vessels who receive a share of the catch as their remuneration and labor on vessels carrying fewer than 10 people.

The purpose of my amendment is to insure that in 1982, fishing vessel owners and operators do not have to pay unemployment taxes on vessel crew members who consider themselves to be self-employed. I have been asked if my intent is to exempt union crew members. At this time I wish to state definitively that the exemption which I propose for 1982 is intended only to cover those who are self-employed, who consider themselves to be independent contractors. My amendment is clearly not intended to change in any way the status of persons who, by virtue of their membership in a collective bargaining unit, are clearly employees.

Mr. President, this will, in effect, standardize tax treatment for fishermen. Under existing law, as I have said, the definition of self employment for income and social security tax purposes is different than the definition for unemployment tax purposes. This amendment, in effect, provides a standard treatment. The definition of self employment would apply for all Federal taxes to all fishermen. I urge its adoption.

Mr. SYMMS. The next amendment listed on the agenda as No. 10 is Senator Packwood's, the financing of the Reforestation Trust Fund.

Mr. President, under present law, the Reforestation Trust Fund is funded by tariffs on imported plywood and lumber. Under the amendment, effective January 1, 1983, in place of the tariffs, the trust fund would be funded by up to \$30 million of revenues derived from the sale of timber and forest products on Federal lands.

Mr. METZENBAUM. Mr. President, would the Senator be good enough to repeat what this amendment on the timber does?

Mr. SYMMS. This amendment on the timber, Mr. President—first, I say to my friend from Ohio, under the present law, the Reforestation Trust Fund is funded by tariffs.

Mr. METZENBAUM. This is the matter of shifting the funds to the Reforestation Trust Fund?

Mr. SYMMS. That is correct.

Mr. METZENBAUM. I have no objection, Mr. President.

Mr. SYMMS. The next amendment is listed as No. 13 on the committee agenda, trade adjustment assistance.

Mr. President, under the changes to this program made in the Omnibus Budget Reconciliation Act the causation standard was changed to be a "substantial cause" standard—a cause which is important and not less than any other cause—effective February 9, 1982. The committee amendment to the Trade Adjustment Assistance Act would provide that the "contribute importantly" causation standard currently in the law be maintained through the life of the program, the end of fiscal year 1983.

Mr. PROXMIRE. Will the Senator yield?

Mr. SYMMS. Mr. President, I am happy to yield to my friend from Wisconsin.

Mr. PROXMIRE. On this amendment, Mr. President, the information I have says that the Congressional Budget Office, the staff of CBO can make no estimate of the cost of this change. If they cannot make an estimate, how do we know whether this will cost a substantial amount? Is there any way we can make a judgment on the loss to the Treasury?

Mr. SYMMS. Mr. President, it is my understanding that there is virtually no way of estimating what the cost would be. It may be higher or it may be lower.

Mr. PROXMIRE. Can they not give us some kind of top or bottom limits within which the losses would be likely to fall?

Mr. SYMMS. I say to the distinguished Senator from Wisconsin that the change was made in the reconciliation bill. At that time, they could not give us the cost estimate. It is my understanding that they still have not been able to.

Mr. PROXMIRE. Mr. President, is there any indication of who would benefit primarily from this change in the law?

Mr. SYMMS. No, there is not, Mr. President.

Mr. PROXMIRE. Mr. President, would the effect be general?

Mr. SYMMS. I see the distinguished chairman of the committee is on the floor. Maybe he will want to comment.

Mr. DOLE. Mr. President, I might say to the Senator from Wisconsin that this amendment was offered by Senator DANFORTH and Senator MOYNIHAN. We concluded that whether it is "substantial cause" or "contribute importantly" really makes little difference because of the changes which have already been made in the trade adjustment assistance

program. This amendment is primarily supported by the AFL-CIO and the United Auto Workers. It is at their urging that we have considered the amendment. I do not think there is any revenue cost. When the Congressional Budget Office requested to the Committee on Finance on this provision when we were considering it during the reconciliation process they stated that:

No budgetary impact is shown for this provision because of the complete absence of data relating to the alternative certification standard. Moreover, Department of Labor (DOL) personnel have no impressionistic studies of the impact of such a proposal. In any case, due to the proposed requirement that individuals exhaust their UI benefits before being eligible for TAA, the proposal's impact would be miniscule.

Mr. SYMMS. I thank the distinguished Senator from Kansas.

Mr. President, I ask unanimous consent that a more detailed technical explanation of the committee amendment be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the material was ordered to be printed in the Record, as follows:

#### TECHNICAL EXPLANATION OF COMMITTEE AMENDMENT

##### A. INCOME TAX PROVISIONS

##### 1. Deferral of LIFO recapture effective date

(Sec. 101 of the amendment and secs. 336 and 337 of the Code).

##### Present law Inventories

In calculating taxable income for the year, the determination of year-end inventories is necessary in order to compute the cost of goods sold during the year. The computation of the cost of goods sold is made by adding the cost of goods on hand at the beginning of the year to the cost of purchases made during the year and subtracting the cost of goods on hand at the end of the year. The resulting cost is the cost of goods that were disposed of during the year and are presumed sold.

The cost of the ending inventory determined by actually counting the goods on hand at the end of the year and then assigning a value to those goods. The method of assigning a value to the ending inventory is extremely important because a high value assigned to the ending inventory will result in a low cost of goods sold and thus a high taxable income. Conversely, a low value assigned to the ending inventory will result in a high cost of goods sold and a low taxable income.

There are several methods that can be used to assign a value to ending inventories. The first-in, first-out ("FIFO") method presumes that the earliest acquired goods are sold first and that the ending inventory consists of the most recent purchases. The last-in, first-out ("LIFO") method presumes that the goods most recently purchased are sold first and that the ending inventory consists of the earliest acquired goods. Other inventory methods are the average cost method, where the cost of all goods owned during the year are averaged, and the specific identification method, where the individual price of each item in inventory is determined.

Typically, in times of rising prices the LIFO method of accounting for inventories results in the lowest taxable income whereas use of the FIFO method generally results in the highest taxable income.