

105TH CONGRESS  
2D SESSION

# H. R. 3620

To amend the Internal Revenue Code of 1986 to reduce individual income tax rates, simplify the tax code, eliminate the marriage penalty, provide for return-free filing of income taxes, prohibit income tax rates from increasing without a national referendum, eliminate corporate welfare, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Mr. GEPHARDT introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Rules, Government Reform and Oversight, and House Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce individual income tax rates, simplify the tax code, eliminate the marriage penalty, provide for return-free filing of income taxes, prohibit income tax rates from increasing without a national referendum, eliminate corporate welfare, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Gephardt 10 Percent Tax Act of 1998”.

4 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
5 wise expressly provided, whenever in this Act an amend-  
6 ment or repeal is expressed in terms of an amendment  
7 to, or repeal of, a section or other provision, the reference  
8 shall be considered to be made to a section or other provi-  
9 sion of the Internal Revenue Code of 1986.

10 (c) **SECTION 15 NOT TO APPLY.**—No amendment  
11 made by section 101 shall be treated as a change in a  
12 rate of tax for purposes of section 15 of the Internal Reve-  
13 nue Code of 1986 .

14 **TITLE I—REDUCTION IN**  
15 **INDIVIDUAL INCOME TAXES**

16 **SEC. 101. REDUCTION IN INDIVIDUAL INCOME TAX RATES;**  
17 **ELIMINATION OF MARRIAGE PENALTY IN**  
18 **RATES.**

19 (a) **GENERAL RULE.**—Section 1 (relating to tax im-  
20 posed) is amended by striking subsections (a) through (e)  
21 and inserting the following:

22 “(a) **MARRIED INDIVIDUALS FILING JOINT RETURNS**  
23 **AND SURVIVING SPOUSES.**—There is hereby imposed on  
24 the taxable income of—

1           “(1) every married individual (as defined in sec-  
2           tion 7703) who makes a single return jointly with  
3           his spouse under section 6013, and

4           “(2) every surviving spouse (as defined in sec-  
5           tion 2(a)),

6 a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$46,000 .....	10% of taxable income
Over \$46,000 but not over \$80,000.	\$4,600, plus 20% of the excess over \$46,000
Over \$80,000 but not over \$150,000.	\$11,400, plus 26% of the excess over \$80,000
Over \$150,000 but not over \$275,000.	\$29,600, plus 32% of the excess over \$150,000
Over \$275,000 .....	\$69,600, plus 34% of the excess over \$275,000

7           “(b) HEADS OF HOUSEHOLDS.—There is hereby im-  
8           posed on the taxable income of every head of a household  
9           (as defined in section 2(b)) a tax determined in accordance  
10 with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$32,000 .....	10% of taxable income.
Over \$32,000 but not over \$40,000.	\$3,200, plus 20% of the excess over \$32,000
Over \$40,000 but not over \$75,000.	\$4,800, plus 26% of the excess over \$40,000
Over \$75,000 but not over \$137,500.	\$13,900, plus 32% of the excess over \$75,000
Over \$137,500.....	\$33,900, plus 34% of the excess over \$137,500

11           “(c) OTHER INDIVIDUALS.—There is hereby imposed  
12 on the taxable income of every individual (other than an  
13 individual to whom subsection (a) or (b) applies) a tax  
14 determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$23,000 .....	10% of taxable income.

<b>“If taxable income is:</b>	<b>The tax is:</b>
Over \$23,000 but not over \$40,000.	\$2,300, plus 20% of the excess over \$23,000
Over \$40,000 but not over \$75,000.	\$5,700, plus 26% of the excess over \$40,000
Over \$75,000 but not over \$137,500.	\$14,800, plus 32% of the excess over \$75,000
Over \$137,500.....	\$34,800, plus 34% of the excess over \$137,500

1           “(d) ESTATES AND TRUSTS.—There is hereby im-  
2 posed on the taxable income of—

3                   “(1) every estate, and

4                   “(2) every trust,

5 taxable under this subsection a tax determined in accord-  
6 ance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$1,700 .....	15% of taxable income.
Over \$1,700 but not over \$4,000 ..	\$255, plus 28% of the excess over \$1,700.
Over \$4,000 but not over \$6,100 ..	\$899, plus 31% of the excess over \$4,000.
Over \$6,100 but not over \$8,350 ..	\$1,550, plus 36% of the excess over \$6,100.
Over \$8,350 .....	\$2,360, plus 39.6% of the excess over \$8,350.”.

7           (b) REDUCTION IN INDIVIDUAL ALTERNATIVE MINI-  
8 MUM TAX RATES.—Clause (i) of section 55(b)(1)(A) (de-  
9 fining tentative minimum tax) is amended—

10                   (1) by striking “26 percent” and inserting “19  
11 percent”, and

12                   (2) by striking “28 percent” and inserting “21  
13 percent”.

14           (c) CONFORMING AMENDMENTS.—

15                   (1) Subsection (f) of section 1 is amended—

1 (A) by striking “1993” in paragraph (1)  
2 and inserting “1999”,

3 (B) by striking “1992” in paragraph  
4 (3)(B) and inserting “1998”, and

5 (C) by striking paragraph (7).

6 (2) The following provisions are each amended  
7 by striking “1992” and inserting “1998” each place  
8 it appears:

9 (A) Section 25A(h).

10 (B) Section 32(j)(1)(B).

11 (C) Section 41(e)(5)(C).

12 (D) Section 59(j)(2)(B).

13 (E) Section 63(c)(4).

14 (F) Section 68(b)(2)(B).

15 (G) Section 135(b)(2)(B)(ii).

16 (H) Section 151(d)(4).

17 (I) Section 220(g)(2).

18 (J) Section 221(g)(1)(B).

19 (K) Section 512(d)(2)(B).

20 (L) Section 513(h)(2)(C)(ii).

21 (M) Section 685(c)(3)(B).

22 (N) Section 877(a)(2).

23 (O) Section 911(b)(2)(D)(ii)(II).

24 (P) Section 2032A(a)(3)(B).

25 (Q) Section 2503(b)(2)(B).

1 (R) Section 2631(c)(2).

2 (S) Section 4001(e)(1)(B).

3 (T) Section 4261(e)(4)(A)(ii).

4 (U) Section 6039F(d).

5 (V) Section 6334(g)(1)(B).

6 (W) Section 6601(j)(3)(B).

7 (X) Section 7430(c)(1).

8 (3) Subparagraph (B) of section 1(f)(6) is  
9 amended to read as follows:

10 “(B) MARRIED INDIVIDUALS FILING SEPA-  
11 RATELY.—In the case of a married individual  
12 filing a separate return, subparagraph (A) shall  
13 be applied by substituting ‘\$25’ for ‘\$50’ each  
14 place it appears for purposes of any increase in  
15 the \$50,000 amount under section 68(b)(1).”.

16 (4) Subclause (II) of section 42(h)(6)(G)(i) is  
17 amended by striking “1987” and inserting “1998”.

18 (5) Subparagraph (B) of section 132(f)(6) is  
19 amended by inserting before the period “, deter-  
20 mined by substituting ‘calendar year 1992’ for ‘cal-  
21 endar year 1998’ in subparagraph (B) thereof”.

22 (6) Sections 468B(b)(1), 511(b)(1), 641(a),  
23 641(d)(2)(A), and 685(d) are each amended by  
24 striking “section 1(e)” each place it appears and in-  
25 serting “section 1(d)”.

1           (7) Sections 1(f)(2) and 904(b)(3)(E)(ii) are  
2 each amended by striking “(d), or (e)” and inserting  
3 “or (d)”.

4           (8) Paragraph (1) of section 1(f) is amended by  
5 striking “(d), and (e)” and inserting “and (d)”.

6           (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 1998.

9 **SEC. 102. INCREASE IN STANDARD DEDUCTION; ELIMI-**  
10 **NATION OF MARRIAGE PENALTY IN STAND-**  
11 **ARD DEDUCTION.**

12           (a) IN GENERAL.—Paragraph (2) of section 63(c)  
13 (relating to standard deduction) is amended to read as fol-  
14 lows:

15           “(2) BASIC STANDARD DEDUCTION.—For pur-  
16 poses of paragraph (1), the basic standard deduction  
17 is—

18                   “(A) \$9,000 in the case of—

19                           “(i) a joint return, or

20                           “(ii) a surviving spouse (as defined in  
21 section 2(a)),

22                   “(B) \$6,600 in the case of a head of  
23 household (as defined in section 2(b)), or

24                   “(C) \$4,500 in any other case.”

1 (b) INCREASE IN ADDITIONAL STANDARD DEDUC-  
2 TION FOR AGED AND BLIND.—

3 (1) IN GENERAL.—Paragraphs (1) and (2) of  
4 section 63(f) are each amended by striking “\$600”  
5 and inserting “\$950”.

6 (2) UNIFORM AMOUNT.—Subsection (f) of sec-  
7 tion 63 is amended by striking paragraph (3) and by  
8 redesignating paragraph (4) as paragraph (3).

9 (c) TECHNICAL AMENDMENTS.—

10 (1) Paragraph (4) of section 63(c) is amended  
11 to read as follows:

12 “(4) ADJUSTMENTS FOR INFLATION.—

13 “(A) IN GENERAL.—In the case of any  
14 taxable year beginning in a calendar year after  
15 1988, each dollar amount contained in para-  
16 graph (2) or (5) or subsection (f) shall be in-  
17 creased by an amount equal to—

18 “(i) such dollar amount, multiplied by

19 “(ii) the cost-of-living adjustment de-  
20 termined under section 1(f)(3) for the cal-  
21 endar year in which the taxable year be-  
22 gins.

23 “(B) BASE PERIOD ADJUSTMENTS.—In  
24 the case of the dollar amounts contained in  
25 paragraph (5), subparagraph (A) shall be ap-

1           plied by substituting for ‘calendar year 1998’ in  
2           subparagraph (B) thereof—

3                   “(i) ‘calendar year 1987’ in the case  
4                   of the dollar amount contained in para-  
5                   graph (5)(A), and

6                   “(ii) ‘calendar year 1997’ in the case  
7                   of the dollar amount contained in para-  
8                   graph (5)(B).”.

9           (2) Subparagraph (B) of section 1(f)(6) is  
10          amended by striking “subsection (c)(4) of section 63  
11          (as it applies to subsections (c)(5)(A) and (f) of such  
12          section)” and inserting “section 63(c)(4)”.

13          (d) EFFECTIVE DATE.—The amendments made by  
14          this section shall apply to taxable years beginning after  
15          December 31, 1998.

16          **SEC. 103. INCREASE IN PERSONAL EXEMPTION.**

17          (a) IN GENERAL.—Paragraph (1) of section 151(d)  
18          (relating to exemption amount) is amended by striking  
19          “\$2,000” and inserting “\$2,900”.

20          (b) REPEAL OF PHASEOUT.—Subsection (d) of sec-  
21          tion 151 is amended by striking paragraph (3) and by re-  
22          designating paragraph (4) as paragraph (3).

23          (c) CONFORMING AMENDMENT.—Subparagraph (A)  
24          of section 151(d)(3), as redesignated by subsection (b),  
25          is amended to read as follows:



1 sions of the Internal Revenue Code of 1986 are hereby  
2 repealed:

3 (1) Section 117(d) (relating to qualified tuition  
4 reduction).

5 (2) Section 125 (relating to cafeteria plans).

6 (3) Section 127 (relating to education assist-  
7 ance programs).

8 (4) Section 129 (relating to dependent care as-  
9 sistance programs).

10 (5) Section 132 (relating to certain fringe bene-  
11 fits).

12 (c) EMPLOYER CONTRIBUTIONS TO RETIREMENT  
13 PLANS.—

14 (1) IN GENERAL.—Subsection (a) of section  
15 402 (relating to taxability of beneficiary of employ-  
16 ees' trust) is amended to read as follows:

17 “(a) TAXABILITY OF BENEFICIARY OF EXEMPT  
18 TRUST.—

19 “(1) CONTRIBUTIONS.—Contributions to an  
20 employees' trust made by an employer to a trust  
21 which is exempt from tax under section 501(a) shall  
22 be included in the gross income of the employee in  
23 accordance with section 83 (relating to property  
24 transferred in connection with performance of serv-  
25 ices), except that the value of the employee's interest

1 in the trust shall be substituted for the fair market  
2 value of the property for purposes of applying such  
3 section.

4 “(2) DISTRIBUTIONS.—The amount actually  
5 distributed or made available to any distributee by  
6 any trust described in paragraph (1) shall be taxable  
7 to the distributee, in the taxable year in which so  
8 distributed or made available, under section 72 (re-  
9 lating to annuities), except that distributions of in-  
10 come of such trust before the annuity starting date  
11 (as defined in section 72(c)(4)) shall be included in  
12 the gross income of the employee without regard to  
13 section 72(e)(5) (relating to amounts not received as  
14 annuities).

15 “(3) GRANTOR TRUSTS.—A beneficiary of any  
16 trust described in paragraph (1) shall not be consid-  
17 ered the owner of any portion of such trust under  
18 subpart E of part I of subchapter J (relating to  
19 grantors and others treated as substantial owners).”

20 (2) APPLICATION OF SECTION 83.—Subsection  
21 (e) of section 83 (relating to property transferred in  
22 connection with performance of services) is amended  
23 by striking paragraph (2).

1 (d) FOREIGN EARNED INCOME.—Section 911 (relat-  
2 ing to citizens or residents of the United States living  
3 abroad) is hereby repealed.

4 (e) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 1998.

7 **SEC. 202. REPEAL OF ALL ITEMIZED DEDUCTIONS OTHER**  
8 **THAN DEDUCTIONS FOR MORTGAGE INTER-**  
9 **EST, INVESTMENT INTEREST, AND EMPLOY-**  
10 **MENT-RELATED EXPENSES.**

11 (a) IN GENERAL.—Subsection (b) of section 63 (de-  
12 fining taxable income) is amended to read as follows:

13 “(b) TAXABLE INCOME OF INDIVIDUALS.—

14 “(1) INDIVIDUALS WHO DO NOT ITEMIZE THEIR  
15 DEDUCTIONS.—In the case of an individual who does  
16 not elect to itemize his deductions for the taxable  
17 year, for purposes of this subtitle, the term ‘taxable  
18 income’ means adjusted gross income minus—

19 “(A) the standard deduction, and

20 “(B) the deduction for personal exemptions  
21 provided in section 151.

22 “(2) INDIVIDUALS WHO ITEMIZE THEIR DEDUC-  
23 TIONS.—In the case of an individual who elects to  
24 itemize his deductions for the taxable year, for pur-

1 poses of this subtitle, the term ‘taxable income’  
2 means adjusted gross income minus—

3 “(A) the deduction for personal exemptions  
4 provided in section 151, and

5 “(B) the deduction under section 163 for  
6 qualified mortgage interest (as defined in sub-  
7 section (h) thereof).”

8 (b) REPEAL OF LIMITATIONS ON ITEMIZED DEDUC-  
9 TIONS.—Section 67 (relating to 2-percent floor on mis-  
10 cellaneous itemized deductions) and section 68 (relating  
11 to overall limitation on itemized deductions) are hereby re-  
12 pealed.

13 (c) DEDUCTIONS FOR INVESTMENT INTEREST AND  
14 EMPLOYEE BUSINESS EXPENSES ALLOWED IN DETER-  
15 MINING ADJUSTED GROSS INCOME.—Subsection (a) of  
16 section 62 is amended by inserting after paragraph (17)  
17 the following new paragraphs:

18 “(18) INVESTMENT INTEREST.—The deduction  
19 under section 163 for investment interest (as defined  
20 in subsection (d) thereof).

21 “(19) EMPLOYEE BUSINESS EXPENSES.—The  
22 deductions allowed by part VI (section 161 and fol-  
23 lowing) which consist of expenses paid or incurred  
24 by the taxpayer in connection with the performance  
25 by him of services as an employee (other than ex-

1       penses for which a deduction is allowed under para-  
2       graph (2)) to the extent that the aggregate amount  
3       of such expenses exceeds 2 percent of adjusted gross  
4       income (determined without regard to this para-  
5       graph).”

6       (d) DEDUCTIONS FOR RETIREMENT SAVINGS NOT  
7       ALLOWED IN COMPUTING ADJUSTED GROSS INCOME;  
8       TERMINATION OF ROTH IRA.—

9               (1) Subsection (a) of section 62 (defining ad-  
10       justed gross income) is amended by striking para-  
11       graph (6) (relating to pension, profit-sharing and  
12       annuity plans of self-employed individuals) and para-  
13       graph (7) (relating to retirement savings).

14              (2) Section 408A (relating to Roth IRA) is  
15       amended by adding at the end the following new  
16       subsection:

17       “(f) TERMINATION.—The contribution limit under  
18       subsection (c)(2) for any taxable year beginning after De-  
19       cember 31, 1998, shall be zero; and no rollover or other  
20       transfer may be made to a Roth IRA from an individual  
21       retirement plan (other than a Roth IRA) after such date.”

22       (e) EFFECTIVE DATE.—The amendments made by  
23       this section shall apply to taxable years beginning after  
24       December 31, 1998.

1 **SEC. 203. REPEAL OF CERTAIN CREDITS.**

2 (a) DEPENDENT CARE CREDIT.—Section 21 (relat-  
3 ing to expenses for household and dependent care services  
4 necessary for gainful employment) is hereby repealed.

5 (b) ELDERLY CREDIT.—Section 22 (relating to credit  
6 for the elderly and permanently and totally disabled) is  
7 hereby repealed.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 1998.

11 **TITLE III—CORPORATE SUBSIDY**  
12 **REFORM COMMISSION**

13 **SEC. 301. THE COMMISSION.**

14 (a) ESTABLISHMENT.—There is established an inde-  
15 pendent commission to be known as the “Corporate Sub-  
16 sidy Reform Commission” (hereafter in this Act, referred  
17 to as the “Commission”).

18 (b) DUTIES.—The Commission shall—

19 (1) examine the programs and tax laws of the  
20 Federal Government and identify programs and tax  
21 laws that provide inequitable Federal subsidies;

22 (2) review inequitable Federal subsidies; and

23 (3) submit the report required under section  
24 302(b) to the President and the Congress.

25 (c) LIMITATIONS.—

1           (1) CREATION OF NEW PROGRAMS OR TAXES.—

2           This Act is not intended to result in the creation of  
3           new programs or taxes, and the Commission estab-  
4           lished in this section shall limit its activities to re-  
5           viewing existing programs or tax laws with the goal  
6           of ensuring fairness and equity in the operation and  
7           application thereof.

8           (2) ELIMINATION OF AGENCIES AND DEPART-

9           MENTS.—The Commission shall limit its rec-  
10          ommendations to the termination or reform of pay-  
11          ments, benefits, services, or tax advantages, rather  
12          than the termination of Federal agencies or depart-  
13          ments.

14          (d) ADVISORY COMMITTEE.—The Commission shall  
15          be considered an advisory committee within the meaning  
16          of the Federal Advisory Committee Act (5 U.S.C. App.).

17          (e) APPOINTMENT.—

18               (1) MEMBERS.—The Commissioners shall be  
19               appointed for the life of the Commission and shall  
20               be composed of nine members of whom—

21                       (A) three shall be appointed by the Presi-  
22                       dent of the United States;

23                       (B) two shall be appointed by the Speaker  
24                       of the House of Representatives;

1           (C) one shall be appointed by the minority  
2           Leader of the House of Representatives;

3           (D) two shall be appointed by the majority  
4           Leader of the Senate; and

5           (E) one shall be appointed by the minority  
6           Leader of the Senate.

7           (2) CONSULTATION REQUIRED.—The President,  
8           the Speaker of the House of Representatives, the mi-  
9           nority leader of the House of Representatives, the  
10          majority leader of the Senate, and the minority lead-  
11          er of the Senate shall consult among themselves  
12          prior to the appointment of the members of the  
13          Commission in order to achieve, to the maximum ex-  
14          tent possible, fair and equitable representation of  
15          various points of view with respect to the matters to  
16          be studied by the Commission under subsection (b).

17          (3) APPOINTMENTS.—During the period of  
18          January 1, 1999 through January 31, 1999, the  
19          President shall submit to the Senate the names of  
20          three individuals for appointment to the Commis-  
21          sion.

22          (4) FAILURE TO APPOINT.—If the President  
23          does not submit to Congress the names of three indi-  
24          viduals for appointment to the Commission on or be-

1 fore the date specified in paragraph (3), the process  
2 established under this Act shall be terminated.

3 (5) CHAIRMAN.—At the time the President  
4 nominates individuals for appointment to the Com-  
5 mission the President shall designate one such indi-  
6 vidual who shall serve as Chairman of the Commis-  
7 sion.

8 (6) BACKGROUND.—The members shall rep-  
9 resent a broad array of expertise covering, to the ex-  
10 tent practical, all subject matter, programs, and tax  
11 laws the Commission is likely to review.

12 (f) TERMS.—Each member of the Commission in-  
13 cluding the Chairman shall serve until the termination of  
14 the Commission.

15 (g) MEETINGS.—

16 (1) INITIAL MEETING.—No later than April 1,  
17 1999, the Commission shall conduct its first meet-  
18 ing.

19 (2) OPEN MEETINGS.—Each meeting of the  
20 Commission shall be open to the public. In cases  
21 where classified information, trade secrets, or per-  
22 sonnel matters are discussed, the Chairman may  
23 close the meeting. All proceedings, information, and  
24 deliberations of the Commission shall be available,

1       upon request, to the chairman and ranking member  
2       of the relevant committees of Congress.

3       (h) VACANCIES.—A vacancy on the Commission shall  
4 be filled in the same manner as the original appointment.

5       (i) PAY AND TRAVEL EXPENSES.—

6           (1) PAY.—Notwithstanding section 7 of the  
7 Federal Advisory Committee Act (5 U.S.C. App.),  
8 each Commissioner, other than the Chairman, shall  
9 be paid at a rate equal to the daily equivalent of the  
10 minimum annual rate of basic pay for level IV of the  
11 Executive Schedule under section 5315 of title 5,  
12 United States Code, for each day (including travel  
13 time) during which the member is engaged in the ac-  
14 tual performance of duties vested in the Commis-  
15 sion.

16           (2) CHAIRMAN.—Notwithstanding section 7 of  
17 the Federal Advisory Committee Act (5 U.S.C.  
18 App.), the Chairman shall be paid for each day re-  
19 ferred to in paragraph (1) at a rate equal to the  
20 daily payment of the minimum annual rate of basic  
21 pay payable for level III of the Executive Schedule  
22 under section 5314 of title 5, United States Code.

23           (3) TRAVEL EXPENSES.—Members shall receive  
24 travel expenses, including per diem in lieu of subsist-

1       ence, in accordance with sections 5702 and 5703 of  
2       title 5, United States Code.

3       (j) DIRECTOR OF STAFF.—

4             (1) QUALIFICATIONS.—The Chairman shall ap-  
5       point a Director who has not served in any of the  
6       entities or industries that the Commission intends to  
7       review during the 12 months preceding the date of  
8       such appointment.

9             (2) PAY.—Notwithstanding section 7 of the  
10       Federal Advisory Committee Act (5 U.S.C. App.),  
11       the Director shall be paid at the rate of basic pay  
12       payable for level IV of the Executive Schedule under  
13       section 5315 of title 5, United States Code.

14            (3) REPORTS.—On administrative and person-  
15       nel matters, the Director shall submit periodic re-  
16       ports to the Chairman of the Commission and the  
17       chairman and ranking member of the Committee on  
18       Governmental Affairs of the Senate and the Com-  
19       mittee on Government Reform and Oversight of the  
20       House of the Representatives.

21       (k) STAFF.—

22             (1) ADDITIONAL PERSONNEL.—Subject to para-  
23       graphs (2) and (4), the Director, with the approval  
24       of the Commission, may appoint and fix the pay of  
25       additional personnel.

1           (2) APPOINTMENTS.—The Director may make  
2 such appointments without regard to the provisions  
3 of title 5, United States Code, governing appoint-  
4 ments in the competitive service, and any personnel  
5 so appointed may be paid without regard to the pro-  
6 visions of chapter 51 and subchapter III of chapter  
7 53 of that title relating to classification and General  
8 Schedule pay rates.

9           (3) DETAILEES.—Upon the request of the Di-  
10 rector, the head of any Federal department or agen-  
11 cy may detail any of the personnel of that depart-  
12 ment or agency to the Commission to assist the  
13 Commission in accordance with an agreement en-  
14 tered into with the Commission.

15           (4) RESTRICTIONS ON PERSONNEL AND  
16 DETAILEES.—The following restrictions shall apply  
17 to personnel and detailees of the Commission:

18           (A) PERSONNEL.—No more than one-third  
19 of the personnel detailed to the Commission  
20 may be on detail from Federal agencies that  
21 deal directly or indirectly with the Federal sub-  
22 sidies the Commission intends to review.

23           (B) ANALYSTS.—No more than one-fifth of  
24 the professional analysts of the Commission  
25 may be persons detailed from a Federal agency

1 that deals directly or indirectly with the Federal  
2 subsidies the Commission intends to review.

3 (C) LEAD ANALYST.—No person detailed  
4 from a Federal agency to the Commission may  
5 be assigned as the lead professional analyst  
6 with respect to an entity or industry the Com-  
7 mission intends to review if the person has been  
8 involved in regulatory or policy-making deci-  
9 sions affecting any such entity or industry in  
10 the 12 months preceding such assignment.

11 (D) DETAILEE.—A person may not be de-  
12 tailed from a Federal agency to the Commission  
13 if, within 12 months before the detail is to  
14 begin, that person participated personally and  
15 substantially in any matter within that particu-  
16 lar agency concerning the preparation of rec-  
17 ommendations under this Act.

18 (E) FEDERAL OFFICER OR EMPLOYEE.—  
19 No member of a Federal agency, and no officer  
20 or employee of a Federal agency, may—

21 (i) prepare any report concerning the  
22 effectiveness, fitness, or efficiency of the  
23 performance on the staff of the Commis-  
24 sion of any person detailed from a Federal  
25 agency to that staff;

1 (ii) review the preparation of such re-  
2 port; or

3 (iii) approve or disapprove such a re-  
4 port.

5 (F) LIMITATION ON STAFF SIZE.—

6 (i) Subject to clause (ii), there may  
7 not be more than 25 persons (including  
8 any detailees) on the staff at any time.

9 (ii) The Commission may increase  
10 personnel in excess of the limitation under  
11 clause (i), 15 days after submitting notifi-  
12 cation of such increase to the Committee  
13 on Governmental Affairs of the Senate and  
14 the Committee on Government Reform and  
15 Oversight of the House of Representatives.

16 (G) LIMITATION ON FEDERAL OFFICER.—

17 No member of a Federal agency and no em-  
18 ployee of a Federal agency may serve as a Com-  
19 missioner or as a paid member of the staff.

20 (5) ASSISTANCE.—

21 (A) IN GENERAL.—The Comptroller Gen-  
22 eral of the United States may provide assist-  
23 ance, including the detailing of employees, to  
24 the Commission in accordance with an agree-  
25 ment entered into with the Commission.

1           (B) CONSULTATION.—The Commission  
2           and the Comptroller General of the United  
3           States shall consult with the Committee on  
4           Governmental Affairs of the Senate and the  
5           Committee on Government Reform and Over-  
6           sight of the House of Representatives on the  
7           agreement referred to under subparagraph (A)  
8           before entering into such agreement.

9           (l) OTHER AUTHORITY.—

10           (1) EXPERTS AND CONSULTANTS.—The Com-  
11           mission may procure by contract, to the extent funds  
12           are available, the temporary or intermittent services  
13           of experts or consultants pursuant to section 3109  
14           of title 5, United States Code.

15           (2) LEASING.—The Commission may lease  
16           space and acquire personal property to the extent  
17           that funds are available.

18           (m) FUNDING.—

19           (1) COMMISSION.—There are authorized to be  
20           appropriated to the Commission such funds as are  
21           necessary to carry out its duties under this Act.

22           (2) COMPTROLLER GENERAL.—There are au-  
23           thorized to be appropriated to the Comptroller Gen-  
24           eral of the United States such funds as are nec-

1       essary to carry out its duties under subsection (k)(5)  
2       and section 302(b)(5).

3       (n) TERMINATION.—The Commission shall terminate  
4       on September 1, 2000.

5       **SEC. 302. PROCEDURE FOR MAKING RECOMMENDATIONS**  
6               **TO TERMINATE CORPORATE SUBSIDIES.**

7       (a) AGENCY PLAN.—

8               (1) IN GENERAL.—No later than April 1, 1999,  
9       or the date budget documents are submitted to Con-  
10      gress in 1999, whichever is earlier, in support of the  
11      budget of each Federal department or agency, the  
12      head of each department or agency shall include in  
13      such documents a list identifying all programs or tax  
14      laws within that department or agency that the head  
15      of the department or agency determines provide in-  
16      equitable Federal subsidies.

17              (2) CONTENTS.—Such a list shall include—

18                      (A) a detailed description of each program  
19                      or tax law in question;

20                      (B) a statement detailing the extent to  
21                      which a payment, benefit, service, or tax advan-  
22                      tage meets the provisions of section 304;

23                      (C) a statement summarizing the legisla-  
24                      tive history and purpose of such payment, bene-  
25                      fit, service, or tax advantage, and the laws or

1 policies directly or indirectly giving rise to the  
2 need for such programs or tax laws; and

3 (D) a recommendation to the Commission  
4 regarding actions to be taken under section  
5 301(b)(3).

6 (3) INTERNATIONAL TRADE PROGRAMS.—As  
7 part of its agency plan submitted pursuant to this  
8 subsection, the United States Trade Representative  
9 shall survey all federally supported international  
10 trade programs in all Federal agencies and shall cer-  
11 tify to the Commission which of those programs  
12 meet the requirements of section 304(4)(D). The  
13 Trade Representative shall provide the Commission  
14 a detailed statement of the reasons each program  
15 was or was not so certified as part of its agency  
16 plan.

17 (b) REVIEW AND RECOMMENDATIONS BY THE COM-  
18 MISSION.—

19 (1) REVIEW AND HEARINGS.—At any time after  
20 the submission of the budget documents to Con-  
21 gress, the Commission shall conduct public hearings  
22 on the recommendations included in the lists re-  
23 quired under subsection (a). All testimony before the  
24 Commission at a public hearing conducted under  
25 this paragraph shall be presented under oath.

1 (2) REPORT OF COMMISSION.—

2 (A) REPORT TO PRESIDENT.—No later  
3 than November 30, 1999, the Commission shall  
4 submit a report to the President containing the  
5 Commission's findings and recommendations  
6 for termination, modification, or retention of  
7 each of the inequitable Federal subsidies re-  
8 viewed by the Commission. Such findings and  
9 recommendations shall specify—

10 (i) all actions, circumstances, and con-  
11 siderations relating to or bearing upon the  
12 recommendations; and

13 (ii) to the maximum extent prac-  
14 ticable, the estimated effect of the rec-  
15 ommendations upon the policies, laws and  
16 programs directly or indirectly affected by  
17 the recommendations.

18 (B) CHANGES IN RECOMMENDATIONS.—

19 Subject to the deadline in subparagraph (A), in  
20 making its recommendations, the Commission  
21 may make changes in any of the recommenda-  
22 tions made by a department or agency if the  
23 Commission determines that such department  
24 or agency deviated substantially from the provi-  
25 sions of section 304.

1 (C) CHANGES.—In the case of a change in  
2 the recommendations made by a department or  
3 agency, the Commission may make the change  
4 only if the Commission—

5 (i) makes the determination required  
6 under subparagraph (B); and

7 (ii) conducts a public hearing on the  
8 Commission’s proposed changes.

9 (D) APPLICATION.—Subparagraph (C)  
10 shall apply to a change by the Commission in  
11 a department or agency recommendation that  
12 would—

13 (i) add or delete a payment, benefit,  
14 service, or tax advantage to the list rec-  
15 ommended for termination;

16 (ii) add or delete a payment, benefit,  
17 service, or tax advantage to the list rec-  
18 ommended for modification; or

19 (iii) increase or decrease the extent of  
20 a recommendation to modify a payment,  
21 benefit, service, or tax advantage included  
22 in a department’s or agency’s rec-  
23 ommendation.

24 (3) JUSTIFICATION.—The Commission shall ex-  
25 plain and justify in the report submitted to the

1 President under paragraph (2) any recommendation  
2 made by the Commission that is different from a  
3 recommendation made by an agency under sub-  
4 section (a).

5 (4) REPORT TO CONGRESS.—After November  
6 30, 1999, or after the date the Commission submits  
7 recommendations to the President, the Commission  
8 shall, upon request, promptly provide to any Member  
9 of Congress the information used by the Commission  
10 in making its recommendations.

11 (5) COMPTROLLER GENERAL.—The Comptrol-  
12 ler General of the United States shall—

13 (A) assist the Commission, to the extent  
14 requested, in the Commission's review and anal-  
15 ysis of the list, statements, and recommenda-  
16 tions made by departments and agencies under  
17 subsection (a); and

18 (B) no later than 60 days after April 1,  
19 1999, or the public release of the President's  
20 budget documents in 1999, whichever is earlier,  
21 submit to the Congress and to the Commission  
22 a report containing a detailed analysis of the  
23 list, statements, and recommendations of each  
24 department or agency.

25 (c) REVIEW BY THE PRESIDENT.—

1           (1) IN GENERAL.—No later than December 31,  
2           1999, the President shall submit a report to the  
3           Commission and to the Congress containing the  
4           President’s approval or disapproval of the Commis-  
5           sion’s recommendations submitted under subsection  
6           (b).

7           (2) APPROVAL.—If the President approves all  
8           the recommendations of the Commission, the Presi-  
9           dent shall submit a copy of such recommendations  
10          to the Congress, together with a certification of such  
11          approval.

12          (3) DISAPPROVAL.—If the President dis-  
13          approves the recommendations of the Commission in  
14          whole or in part, the President shall submit to the  
15          Commission and the Congress the reasons for that  
16          disapproval. No later than February 1, 2000, the  
17          Commission shall submit to the President a revised  
18          list of recommendations.

19          (4) REVISION.—If the President approves all of  
20          the revised recommendations of the Commission sub-  
21          mitted to the President under paragraph (3), the  
22          President shall submit a copy of such revised rec-  
23          ommendations to the Congress, together with a cer-  
24          tification of such approval.

1           (5) APPROVAL OF ENTIRE PACKAGE.—The  
2           President may only submit an approval certificate  
3           that pertains to the entire package of recommenda-  
4           tions submitted by the Commission under subsection  
5           (b)(2) or paragraph (3) of this subsection.

6           (6) FAILURE TO SUBMIT.—If the President  
7           does not submit to the Congress an approval and  
8           certification described in paragraph (2) or (4) by  
9           February 15, 2000, the process established under  
10          this Act shall be terminated.

11 **SEC. 303. CONGRESSIONAL CONSIDERATION.**

12          (a) SUBMISSION OF RECOMMENDATIONS OF THE  
13          PRESIDENT.—If the President submits the Commission  
14          recommendations to the Congress under section 302(c) (2)  
15          or (4), such recommendations shall be accompanied by in-  
16          formation specifying—

17               (1) the reasons and justifications for the rec-  
18               ommendations;

19               (2) to the maximum extent practicable, the esti-  
20               mated fiscal, economic, and budgetary impact of ac-  
21               cepting the recommendations;

22               (3) the amount of the projected savings result-  
23               ing from each recommendation;

24               (4) all actions, circumstances, and consider-  
25               ations relating to or bearing upon the recommenda-

1 tions and to the maximum extent practicable, the es-  
2 timated effect of the recommendations upon the poli-  
3 cies, laws and programs directly or indirectly af-  
4 fected by the recommendations; and

5 (5) the specific changes in Federal statute nec-  
6 essary to implement the recommendations.

7 (b) SUBMISSION OF RECOMMENDATIONS TO THE  
8 SENATE AND HOUSE OF REPRESENTATIVES.—

9 (1) SUBMISSION TO CONGRESS.—The rec-  
10 ommendations submitted by the President to the  
11 Congress under subsection (a) shall be submitted to  
12 the Senate and the House of Representatives on the  
13 same day, and shall be delivered to the Secretary of  
14 the Senate if the Senate is not in session, and to the  
15 Clerk of the House of the Representatives if the  
16 House is not in session.

17 (2) FEDERAL REGISTER.—Any recommenda-  
18 tions and accompanying information submitted  
19 under subsection (a) shall be printed in the first  
20 issue of the Federal Register after such submission.

21 (c) INTRODUCTION.—

22 (1) DATE OF INTRODUCTION.—The Majority  
23 Leader of the Senate or his designee, and the Speak-  
24 er of the House of Representatives, or his designee,  
25 shall introduce a bill (or bills as provided under

1 paragraph (2)) that implements the recommenda-  
2 tions submitted by the President under subsection  
3 (a), no later than the later of 14 calendar days in  
4 session after the date on which—

5 (A) the Senate or the House of Represent-  
6 atives received the recommendations submitted  
7 by the President under subsection (a), if the  
8 Senate or the House of Representatives (as ap-  
9 plicable) is in session on the date of such sub-  
10 mission; or

11 (B) the Senate or the House of Represent-  
12 atives is first in session after such recommenda-  
13 tions are submitted, if the Senate or the House  
14 of Representatives (as applicable) is not in ses-  
15 sion on the date of such submission.

16 (2) MULTIPLE BILLS.—The majority leader of  
17 the Senate, or his designee, or the Speaker of the  
18 House of Representatives, or his designee, shall in-  
19 troduce a bill or separate bills ensuring that all such  
20 recommendations will be implemented.

21 (d) COMMITTEE REFERRAL AND ACTION.—

22 (1) IN GENERAL.—Any committee to which a  
23 bill or bills introduced under subsection (c) is re-  
24 ferred shall report such bill no later than 60 cal-  
25 endar days after the date of referral. Any such re-

1 ported bill shall be referred to the Committee on  
2 Governmental Affairs of the Senate or the Commit-  
3 tee on Government Reform and Oversight of the  
4 House of Representatives, as applicable.

5 (2) DISCHARGE.—If a committee does not re-  
6 port a bill within the 60-day period as provided  
7 under paragraph (1), such bill shall be discharged  
8 from the committee and referred to the Committee  
9 on Governmental Affairs of the Senate or the Com-  
10 mittee on Government Reform and Oversight of the  
11 House of Representatives, as applicable.

12 (3) REPORT TO FLOOR; CONSOLIDATION.—

13 (A) IN GENERAL.—No later than the first  
14 day the Senate or the House of Representatives  
15 (as applicable) is in session following 10 cal-  
16 endar days in session after the end of the 60-  
17 day period described under paragraphs (1) and  
18 (2), the Committee on Governmental Affairs of  
19 the Senate and the Committee on Government  
20 Reform and Oversight of the House of Rep-  
21 resentatives, as applicable, shall—

22 (i) consolidate all bills referred under  
23 paragraphs (1) and (2) into a single bill  
24 (without substantive amendment) and re-

1 port such bill to the Senate or the House  
2 of Representatives; or

3 (ii) if only 1 bill is referred under  
4 paragraph (1) or (2), report such bill  
5 (without amendment) to the Senate or  
6 House of Representatives.

7 (B) LEGISLATIVE CALENDAR.—The bill re-  
8 ported under subparagraph (A) shall be placed  
9 on the legislative calendar of the appropriate  
10 House.

11 (e) PROCEDURE IN SENATE AFTER REPORT OF COM-  
12 MITTEE; DEBATE; AMENDMENTS.—

13 (1) DEBATE ON BILL.—Debate in the Senate  
14 on a bill reported by the Committee on Govern-  
15 mental Affairs under subsection (d)(3), and all  
16 amendments thereto and debatable motions and ap-  
17 peals in connection therewith, shall be limited to not  
18 more than 30 hours. The time shall be equally di-  
19 vided between, and controlled by, the Majority Lead-  
20 er and Minority Leader or their designees.

21 (2) DEBATE ON AMENDMENTS.—Debate in the  
22 Senate on any amendment to the bill shall be limited  
23 to 1 hour, to be equally divided between, and con-  
24 trolled by, the mover and the manager of the bill,  
25 and debate on any amendment to an amendment,

1 debatable motion, or appeal shall be limited to 30  
2 minutes, to be equally divided between, and con-  
3 trolled by, the mover and the manager of the bill, ex-  
4 cept that in the event the manager of the bill is in  
5 favor of any such amendment, motion or appeal, the  
6 time in opposition thereto shall be controlled by the  
7 minority leader or his designee.

8 (3) LIMIT OF DEBATE.—(A) A motion to fur-  
9 ther limit debate is not debatable. A motion by the  
10 majority leader or his designee to extend debate is  
11 not debatable. A motion to recommit is not in order.

12 (B) No amendment not germane to the bill re-  
13 ported by the Committee on Governmental Affairs  
14 under subsection (d)(3) shall be in order.

15 (4) CONFERENCE REPORTS.—

16 (A) MOTION TO PROCEED.—A motion to  
17 proceed to the consideration of the conference  
18 report on a bill subject to the procedures of this  
19 section and reported to the Senate may be  
20 made even though a previous motion to the  
21 same effect has been disagreed to.

22 (B) TIME LIMITATION.—The consideration  
23 in the Senate of the conference report on the  
24 bill and any amendments in disagreement there-  
25 to, including all debatable motions and appeals

1 in connection therewith, shall be limited to 5  
2 hours, to be equally divided between, and con-  
3 trolled by, the majority leader and minority  
4 leader or their designees. Debate on any debat-  
5 able motion, appeal related to the conference re-  
6 port, or any amendment to an amendment in  
7 disagreement, shall be limited to 30 minutes, to  
8 be equally divided between, and controlled by,  
9 the mover and the manager of the conference  
10 report (or a message between Houses).

11 (f) PROCEDURE IN HOUSE OF REPRESENTATIVES  
12 AFTER REPORT OF THE COMMITTEE; DEBATE.—

13 (1) MOTION TO CONSIDER.—When the Commit-  
14 tee on Government Reform and Oversight of the  
15 House of Representatives reports a bill under sub-  
16 section (d)(3) it is in order (at any time after the  
17 fifth day (excluding Saturdays, Sundays, and legal  
18 holidays) following the day on which any committee  
19 report filed on a bill referred under subsection (d)(1)  
20 to the Committee on Government Reform and Over-  
21 sight has been available to Members of the House)  
22 to move to proceed to the consideration of the bill  
23 reported to the House of Representatives. The mo-  
24 tion is highly privileged and is not debatable. An  
25 amendment to the motion is not in order, and it is

1 not in order to move to reconsider the vote by which  
2 the motion is agreed to or disagreed to.

3 (2) DEBATE.—General debate on the bill in the  
4 House of Representatives shall be limited to not  
5 more than 10 hours, which shall be divided equally  
6 between the majority and minority parties. A motion  
7 further to limit debate is not debatable. A motion  
8 to postpone debate is not in order, and it is not in  
9 order to move to reconsider the vote by which the  
10 bill is agreed to or disagreed to.

11 (3) TERMS OF CONSIDERATION.—Consideration  
12 of the bill by the House of Representatives shall be  
13 in the Committee of the Whole, and the bill shall be  
14 considered for amendment under the 5-minute rule  
15 in accordance with the applicable provisions of rule  
16 XXIII of the Rules of the House of Representatives.  
17 After the committee rises and reports the bill back  
18 to the House, the previous question shall be consid-  
19 ered as ordered on the bill and any amendments  
20 thereto to final passage without intervening motion.

21 (4) LIMIT ON DEBATE.—Debate in the House  
22 of Representatives on the conference report on a bill  
23 subject to the procedures under this section and re-  
24 ported to the House of Representatives shall be lim-  
25 ited to not more than 5 hours, which shall be divided

1 equally between the majority and minority parties. A  
2 motion further to limit debate is not debatable. A  
3 motion to recommit the conference report is not in  
4 order, and it is not in order to move to reconsider  
5 the vote by which the conference report is agreed to  
6 or disagreed to. A motion to postpone is not in  
7 order.

8 (5) APPEALS.—Appeals from decisions of the  
9 Chair relating to the application of the Rules of the  
10 House of Representatives to the procedure relating  
11 to the bill shall be decided without debate.

12 (g) RULES OF THE SENATE AND HOUSE OF REP-  
13 RESENTATIVES.—This section is enacted by Congress—

14 (1) as an exercise of the rulemaking power of  
15 the Senate and the House of Representatives, re-  
16 spectively, but applicable only with respect to the  
17 procedure to be followed in that House in the case  
18 of a bill under this section, and it supersedes other  
19 rules only to the extent that it is inconsistent with  
20 such rules; and

21 (2) with full recognition of the constitutional  
22 right of either House to change the rules as far as  
23 relating to the procedure of that House at any time,  
24 in the same manner, and to the same extent as in  
25 the case of any other rule of that House.

1 **SEC. 304. DEFINITION.**

2 For purposes of this title, the term “inequitable Fed-  
3 eral subsidy” means a payment, benefit, service, or tax  
4 advantage that—

5 (1) is provided by the Federal Government to  
6 any corporation, partnership, joint venture, associa-  
7 tion, or business trust, not to include—

8 (A) a nonprofit organization described  
9 under section 501(c)(3) of the Internal Revenue  
10 Code of 1986 that is exempt from taxation  
11 under section 501(a) of the Internal Revenue  
12 Code of 1986; or

13 (B) a State or local government or Indian  
14 Tribe;

15 (2) is provided without a reasonable expecta-  
16 tion, demonstrated with the use of reliable perform-  
17 ance criteria, that actions or activities undertaken or  
18 performed in return for such payment, benefit, serv-  
19 ice, or tax advantage would result in a return or  
20 benefit, quantifiable or nonquantifiable, to the public  
21 at least as great as the payment, benefit, service, or  
22 tax advantage;

23 (3) provides an unfair competitive advantage or  
24 financial windfall; and

25 (4) shall not include a payment, benefit, service,  
26 or tax advantage that—

1           (A)(i) is awarded for the purposes of re-  
2 search and development in the broad public in-  
3 terest on the basis of a peer reviewed or other  
4 open, competitive, merit-based procedure;

5           (ii) is for a purpose consistent with the  
6 mission of the agency;

7           (iii) supports competing technologies at  
8 levels appropriate to their potential, as deter-  
9 mined by an appropriate priority setting proc-  
10 ess; and

11           (iv) is for research and development that  
12 the private sector cannot reasonably be ex-  
13 pected to undertake without Federal support at  
14 a level or in a time frame consistent with the  
15 payment, benefit, service, or tax advantage's po-  
16 tential to provide broad economic or other pub-  
17 lic benefit;

18           (B) primarily benefits public health, safety,  
19 the environment, or education;

20           (C) is necessary to comply with inter-  
21 national trade or treaty obligations;

22           (D) is certified by the United States Trade  
23 Representative as specifically intended and as  
24 substantially needed to protect the foreign trade  
25 interests of the United States; or

1 (E) is for the purpose of procurement of  
2 property or services by the United States Gov-  
3 ernment.

4 **SEC. 305. CORPORATE RATE INCREASE IF REVENUES FROM**  
5 **SUBSIDY REDUCTIONS ARE LESS THAN**  
6 **\$10,000,000,000 PER YEAR.**

7 (a) IN GENERAL.—If there is a subsidy reduction  
8 shortfall for any fiscal year beginning after September 30,  
9 2000, section 11 of the Internal Revenue Code of 1986  
10 (relating to tax on corporations) shall be applied (for tax-  
11 able years beginning in such fiscal year) by substituting  
12 for the highest rate of tax imposed by such section the  
13 rate estimated by the Director of the Congressional Budg-  
14 et Office to be necessary to increase revenues to the Treas-  
15 ury for such year equal to such shortfall. Proper adjust-  
16 ments shall be made under this subsection to the extent  
17 such rate is less than or greater than the appropriate rate.

18 (b) SUBSIDY REDUCTION SHORTFALL.—For pur-  
19 poses of subsection (a), the term “subsidy reduction short-  
20 fall” means, for any fiscal year, the excess of—

21 (1) \$10,000,000,000, over

22 (2) the additional revenues that the Director of  
23 the Congressional Budget Office estimates will be re-  
24 ceived in the Treasury (for taxable years beginning

1 in such fiscal year) by reason of the enactment of  
2 recommendations of the Commission.

3 **TITLE IV—NATIONAL REFEREN-**  
4 **DUM REQUIRED FOR FED-**  
5 **ERAL INCOME TAX RATE IN-**  
6 **CREASES TO TAKE EFFECT**

7 **SEC. 401. NATIONAL REFERENDUM REQUIRED FOR FED-**  
8 **ERAL INCOME TAX RATE INCREASES TO**  
9 **TAKE EFFECT.**

10 (a) IN GENERAL.—An individual income tax rate in-  
11 crease shall apply only to taxable years beginning after  
12 the date of a national referendum in which a majority of  
13 individuals voting in the referendum vote in favor of such  
14 increase.

15 (b) INDIVIDUAL INCOME TAX RATE INCREASE.—For  
16 purposes of this section, the term “individual income tax  
17 rate increase” means any provision of law—

18 (1) which amends subsection (a), (b), (c), (d),  
19 or (e) of section 1 of the Internal Revenue Code of  
20 1986 (relating to income tax) or section 55(b)(1)(A)  
21 of such Code (relating to alternative minimum tax  
22 on noncorporate taxpayers), and

23 (2) which imposes a new percentage as a rate  
24 of tax and thereby increases the amount of tax im-  
25 posed by any such section.

1 (c) ADMINISTRATIVE PROVISIONS.—

2 (1) IN GENERAL.—The referendum with respect  
3 to any individual income tax rate increase shall  
4 occur at the time of the first regularly scheduled  
5 Federal election after the date of the enactment of  
6 such increase and shall be on the general election  
7 ballot for such election.

8 (2) FORM.—The form of the referendum ques-  
9 tion shall be as follows:

“REFERENDUM ON INDIVIDUAL INCOME TAX RATE  
INCREASE

“Should the provisions enacted on \_\_\_\_ which are indi-  
vidual income tax rate increases take effect?

“Yes No”.

Such blank shall be filled in with the date that the  
law containing such provisions was enacted.

10 (3) PROCEDURES.—The Secretary of the Treas-  
11 ury or such Secretary’s delegate shall take such  
12 steps as are necessary to arrange for any referen-  
13 dum under this section.

14 (d) AUTHORIZATION.—There are authorized to be ap-  
15 propriated such sums as are necessary to carry out this  
16 section, including amounts to reimburse States for their  
17 tabulation and other costs incurred by reason of any ref-  
18 erendum under this section.

**1 TITLE V—RETURN-FREE FILING****2 SEC. 501. RETURN-FREE FILING.**

3       The Secretary of the Treasury or the Secretary's del-  
4 egate shall develop a plan to implement a return-free Fed-  
5 eral income tax system for the largest number of taxpayers  
6 as is practicable. The plan of implementation shall be sub-  
7 mitted to the House of Representatives and the Senate  
8 not later than 180 days after the date of the enactment  
9 of this Act.

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