

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

Mr. HARKIN. Mr. President, I ask unanimous consent that when the Senate resumes consideration of the stem cell bills on Wednesday following the opening of the Senate, there be 6½ hours remaining for debate, with the time controlled 1½ hours each: majority and Republican leaders or their designees, Senators HARKIN and BROWNBACK; with the time until 12:30 divided as follows: 90 minutes under the control of Senator HARKIN or his designee and 45 minutes each for Senators COLEMAN, ISAKSON, and BROWNBACK; that at 12:30 p.m., the Senate stand in recess until 2:15 p.m. for the weekly party conference work periods; that at 2:15 p.m., the time until 5:15 p.m. be allocated in the same manner, with the final 30 minutes equally divided and controlled between the two leaders or their designees, with the majority leader controlling the final 15 minutes; that at 5:45 p.m., without further intervening action or debate, the Senate proceed to vote on passage of S. 5, to be followed by a vote on the passage of S. 30; that there be 2 minutes of debate prior to the second vote with the time equally divided and controlled between the two leaders or their designees; that the other provisions of the order governing the consideration of these bills remain in effect.

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

#### MORNING BUSINESS

Mr. HARKIN. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 10 minutes each.

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

#### INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2007—MOTION TO PROCEED

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 20, S. 372, the intelligence authorization bill on Thursday, April 12, following morning business.

The PRESIDING OFFICER. Is there objection?

Mr. ISAKSON. I object.

The PRESIDING OFFICER. Objection is heard.

#### CLOTURE MOTION

Mr. REID. Mr. President, in view of the objection, I now move to proceed to Calendar No. 20, S. 372, and I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

#### CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the

Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Calendar No. 20, S. 372, Intelligence Authorization.

Harry Reid, Sherrod Brown, Claire McCaskill, Jack Reed, Jon Tester, Patty Murray, Jeff Bingaman, Amy Klobuchar, Blanche L. Lincoln, Evan Bayh, Benjamin L. Cardin, Max Baucus, Pat Leahy, Chuck Schumer, Byron L. Dorgan, Ken Salazar, Dick Durbin.

Mr. REID. Mr. President, I ask unanimous consent that the mandatory quorum required under rule XXII be waived.

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

Mr. REID. I now withdraw the motion to proceed.

The PRESIDING OFFICER. The motion is withdrawn.

#### UNITED STATES TAX CODE

Mr. SPECTER. Mr. President, in the remaining time that I have allocated, I wish to talk about another subject, and that is the United States Tax Code. I believe that as I speak there are thousands of Americans, perhaps hundreds of thousands of Americans, now calculating their income tax for the year 2006.

Today is April the 10th. Tax returns have to be filed during the course of the next week to comply with the Federal tax laws, and this is a matter which is very much on the minds of thousands of Americans, perhaps even some watching the Senate on C-SPAN are in the process of compiling their tax returns. I will use this occasion to again introduce legislation for the flat tax.

The flat tax is a new structure of taxation of income in the United States under a model proposed by Professors Hall and Rabushka, from Stanford University, which would enable taxpayers to file their returns on a simple postcard, which I hold in my hand, where the tax return can be filled out in the course of 15 minutes. It has some 10 lines to fill out: Wages, personal allowance, number of dependents, mortgage interest deduction, charitable contributions, total for deductions, total taxable compensation, tax of 20 percent, tax withheld by employer, and the tax or refund due.

We have a system in the United States today where the statistics are astounding. There are some 582 tax forms to be filled out by Americans who file their tax returns. There are some 6.4 billion hours and \$265 billion each year spent in complying with the tax laws. The IRS Code and regulations fill more than 17,000 pages and have grown from some 744,000 words in 1955 to over 7 million words 50 years later in the year 2005.

Albert Einstein, genius that he was, is quoted as saying:

The hardest thing in the world to understand is the income tax.

For a man who developed the theory of relativity, that is quite an indictment of the American tax system.

This change in the tax laws would be a godsend for the U.S. economy. Economists estimate that in the course of 7 years, the gross national product would increase by \$2 trillion, attributable solely to the efficiencies which would come about by relieving this enormous regulatory burden.

We talk frequently about the burden of regulation in the Federal Government, but the most onerous regulatory form is the tax form, or the tax regulations, which are a burden on all Americans. When you take a look at the cost of compliance, at \$265 billion a year, and take a look at the loopholes of some \$390 billion a year, which would be eliminated by the flat tax, and \$120 billion a year in tax fraud, with the \$10 billion a year it costs to run the Internal Revenue Service, it is obvious what an enormous savings there would be in the economy. Most importantly, there would be the savings to individual citizens who, on the average, require about 14 hours to fill out a tax return. Many citizens now hire specialists because the tax forms have become so complicated.

Mr. President, I ask unanimous consent that a copy of the flat tax return, plus the legislation itself, and my full statement on this subject be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. SPECTER. Mr. President, there is one additional comment on the flat tax return. I have incorporated in the statement an analysis of taxes which would be made by people at various levels of the income spectrum, and for a married couple with two children, with an annual income of \$40,000, an analysis of the comparison shows a decrease in taxes of \$1,217. For middle-class taxpayers, with comparable taxes, a slight increase but relatively little compared to the enormous savings that are involved.

I thank the Chair, and I thank my colleague from Iowa for yielding me the time, and I yield the floor.

#### EXHIBIT 1

##### TAX DAY 2007 FLOOR STATEMENT

Mr. SPECTER. Mr. President, this week, American taxpayers face another Federal income tax deadline. The date of April 15 (or April 16 this year) stabs fear, anxiety, and unease into the hearts of millions of Americans. Every year during "tax season," millions of Americans spend their evenings poring over page after page of IRS instructions, going through their records looking for information and struggling to find and fill out all the appropriate forms on their federal tax returns. Americans are intimidated by the sheer number of different tax forms and their instructions, many of which they may be unsure whether they need to file. Given the approximately 582 possible forms, not to mention the instructions that accompany them, simply trying to determine which form to file can in itself be a daunting and overwhelming task. In 2006, studies conducted by the Office of Management and Budget and the Tax Foundation found that American taxpayers, including

businesses, spend more than 6.4 billion hours and \$265 billion each year complying with tax laws. That works out to more than \$2,500 per U.S. household. Much of this time is spent burrowing through IRS laws and regulations which fill over 17,000 pages and have grown from 744,000 words in 1955 to 7.1 million words in 2005. By contrast, the Pledge of Allegiance has only 31 words, the Gettysburg Address has 267 words, the Declaration of Independence has about 1,300 words, and the Bible has only about 1,773,000 words.

The majority of taxpayers face filing tax forms that are far too complicated and take far too long to complete. According to the estimated preparation time listed on the forms by the IRS, the 2006 Form 1040 is estimated to take 13 hours and 15 minutes to complete. Moreover this does not include the estimated time to complete the accompanying schedules, such as Schedule A, for itemized deductions, which carries an estimated preparation time of 5 hours, 37 minutes, or Schedule D, for reporting capital gains and losses, which shows an estimated preparation time of 6 hours, 10 minutes. Moreover, this complexity is getting worse each year. Just from 2000 to 2004 the estimated time to prepare Form 1040 jumped 34 minutes.

It is no wonder that well over half of all taxpayers, 61 percent according to a recent survey, now hire an outside professional to prepare their tax returns for them. However, the fact that only about 35 percent of individuals itemize their deductions shows that a significant percentage of our taxpaying population believes that the tax system is too complex for them to deal with. We all understand that paying taxes will never be something we enjoy, but neither should it be cruel and unusual punishment. Further, the pace of change to the Internal Revenue Code is brisk—Congress made over 9,500 tax code changes in the past fifteen years. And we are far from being finished. Year after year, we continue to ask the same question—isn't there a better way?

My flat tax legislation would make filing a tax return a manageable chore, not a seemingly endless nightmare, for most taxpayers. My flat tax legislation will fundamentally revise the present tax code, with its myriad rates, deductions, and instructions. This legislation would institute a simple, flat 20 percent tax rate for all individuals and businesses. This proposal is not cast in stone, but is intended to move the debate forward by focusing attention on three key principles which are critical to an effective and equitable taxation system: simplicity, fairness and economic growth.

My flat tax plan would eliminate the kinds of frustrations I have outlined above for millions of taxpayers. This flat tax would enable us to scrap the great majority of the IRS rules, regulations and instructions and delete most of the 7.1 million words in the Internal Revenue Code. Instead of billions of hours of non-productive time spent in compliance with, or avoidance of, the tax code, taxpayers would spend only the small amount of time necessary to fill out a postcard-sized form. Both business and individual taxpayers would thus find valuable hours freed up to engage in productive business activity, or for more time with their families, instead of poring over tax tables, schedules and regulations.

My flat tax proposal is dramatic, but so are its advantages: a taxation system that is simple, fair and designed to maximize prosperity for all Americans. A summary of the key advantages are:

**Simplicity:** A 10-line postcard filing would replace the myriad forms and attachments currently required, thus saving Americans the 6.4 billion hours they currently spend every year in tax compliance.

**Cuts government:** The flat tax would eliminate the lion's share of IRS rules, regulations and requirements, which have grown from 744,000 words in 1955 to 7.1 approximately 94,000 employees, creating opportunities to put their expertise to use elsewhere in the government or in private industry.

**Promotes economic growth:** Economists estimate a growth due to a flat tax of over \$2 trillion in national wealth over seven years, representing an increase of approximately \$7,500 in personal wealth for every man, woman and child in America. This growth would also lead to the creation of 6 million new jobs.

**Increases efficiency:** Investment decisions would be made on the basis of productivity rather than simply for tax avoidance, thus leading to even greater economic expansion.

**Reduces interest rates:** Economic forecasts indicate that interest rates would fall substantially, by as much as two points, as the flat tax removes many of the current disincentives to savings.

**Lowers compliance costs:** Americans would be able to save or invest the \$265 billion they currently spend every year in tax compliance.

**Decreases fraud:** As tax loopholes are eliminated and the tax code is simplified, there will be far less opportunity for tax avoidance and fraud. Currently, the IRS is estimating a tax gap of \$300 billion a year.

**Reduces IRA costs:** Simplification of the tax code will allow us to save significantly on the \$10 billion annual budget currently allocated to the Internal Revenue Service.

The most dramatic way to illustrate the flat tax is to consider that the income tax form for the flat tax is printed on a postcard—it will allow all taxpayers to file their April 15 tax returns on a simple 10-line postcard. This postcard will take 15 minutes to fill out.

At my town hall meetings across Pennsylvania, the public support for fundamental tax reform is overwhelming. I would point out in those speeches that I never leave home without two key documents: (1) my copy of the Constitution; and (2) a copy of my 10-line flat tax postcard. I soon realized that I needed more than just one copy of my flat tax postcard—many people wanted their own postcard so that they could see what life in a flat tax world would be like, where tax returns only take 15 minutes to fill out and individual taxpayers are no longer burdened with double taxation on their dividends, interest, capital gains and estates.

This is a win-win situation for America because it lowers the tax burden on the taxpayers in the lower brackets. For example in the 2006 tax year, the standard deduction is \$5,150 for a single taxpayer, \$7,550 for a head of household and \$10,300 for a married couple filing jointly, while the personal exemption for individuals and dependents is \$3,300. Thus, under the current tax code, a family of four which does not itemize deductions would pay taxes on all income over \$23,500—that is personal exemptions of \$13,200 and a standard deduction of \$10,300. By contrast, under my flat tax bill, that same family would receive a personal exemption of \$37,500, and would pay tax on income over that amount.

The tax loopholes enable write-offs of some \$390 billion a year. What is eliminated under the flat tax are the loopholes, the deductions in this complicated code which can be deciphered, interpreted, and found really only by the \$500-an-hour lawyers. That money is lost to the taxpayers. \$120 billion would be saved by the elimination of fraud because of the simplicity of the Tax Code, the taxpayer being able to find out exactly what they owe.

This bill is modeled after a proposal organized and written by two very distinguished

professors of law from Stanford University, Professor Hall and Professor Rabushka. Their model was first introduced in the Congress in the fall of 1994 by Majority Leader Richard Army. I introduced the flat tax bill—the first one in the Senate—on March 2, 1995, Senate bill 488. On October 27, 1995, I introduced a Sense of the Senate Resolution calling on my colleagues to expedite Congressional adoption of a flat tax. The Resolution, which was introduced as an amendment to pending legislation, was not adopted. I reintroduced my legislation in the 105th Congress with slight modifications to reflect inflation-adjusted increases in the personal allowances and dependent allowances. I reintroduced the bill on April 15, 1999 income tax day—in a bill denominated as S. 822. I then introduced my flat tax legislation as an amendment to S. 1429, the Tax Reconciliation bill; the amendment was not adopted. During the 108th Congress, I introduced my flat tax legislation once again on April 11, 2003. On May 14, 2003, I offered an amendment to the Tax Reconciliation legislation urging the Senate to hold hearings and consider legislation providing for a flat tax; this amendment passed by a vote of 70 to 30 on May 15, 2003. I then testified on this issue at a subsequent hearing held by the Joint Economic Committee on November 5, 2003. On April 15, 2005, I reintroduced my flat tax legislation in a bill denominated as S. 812. Today, I again put forward this legislation with two minor changes.

The first is that the numbers for personal exemptions and deductions have been adjusted for inflation. The second is a newly inserted provision that will allow these numbers to continue to be adjusted for inflation in the years to come. This change will prevent these exemptions and deductions from losing value over time.

Over the years and prior to my legislative efforts on behalf of flat tax reform, I have devoted considerable time and attention to analyzing our nation's tax code and the policies which underlie it. I began the study of the complexities of the tax code over 40 years ago as a law student at Yale University. I included some tax law as part of my practice in my early years as an attorney in Philadelphia. In the spring of 1962, I published a law review article in the Villanova Law Review, "Pension and Profit Sharing Plans: Coverage and Operation for Closely Held Corporations and Professional Associations," 7 Villanova L. Rev. 335, which in part focused on the inequity in making tax-exempt retirement benefits available to some kinds of businesses but not others. It was apparent then, as it is now, that the very complexities of the Internal Revenue Code could be used to give unfair advantage to some. Einstein himself is quoted as saying "the hardest thing in the world to understand is the income tax."

The Hall-Rabushka model envisioned a flat tax with no deductions whatsoever. After considerable reflection, I decided to include in the legislation limited deductions for home mortgage interest for up to \$125,000 in borrowing and charitable contributions up to \$3,125. While these modifications undercut the pure principle of the flat tax by continuing the use of tax policy to promote home buying and charitable contributions, I believe that those two deductions are so deeply ingrained in the financial planning of American families that they should be retained as a matter of fairness and public policy—and also political practicality. With those two deductions maintained, passage of a modified flat tax will be difficult, but without them, probably impossible.

In my judgment, an indispensable prerequisite to enactment of a modified flat tax is revenue neutrality. Professor Hall advised

that the revenue neutrality of the Hall-Rabushka proposal, which uses a 19 percent rate, is based on a well-documented model founded on reliable governmental statistics. My legislation raises that rate from 19 percent to 20 percent to accommodate retaining limited home mortgage interest and charitable deductions.

This proposal taxes business revenues fully at their source, so that there is no personal taxation on interest, dividends, capital gains, gifts or estates. Restructured in this way, the tax code can become a powerful incentive for savings and investment—which translates into economic growth and expan-

sion, more and better jobs, and raising the standard of living for all Americans.

The key advantages of this flat tax plan are threefold: First, it will dramatically simplify the payment of taxes. Second, it will remove much of the IRS regulatory morass now imposed on individual and corporate taxpayers, and allow those taxpayers to devote more of their energies to productive pursuits. Third, since it is a plan which rewards savings and investment, the flat tax will spur economic growth in all sectors of the economy as more money flows into investments and savings accounts.

Professors Hall and Rabushka have projected that within seven years of enactment,

this type of a flat tax would produce a 6 percent increase in output from increased total work in the U.S. economy and increased capital formation. The economic growth would mean a \$7,500 increase in the personal income of all Americans. No one likes to pay taxes. But Americans will be much more willing to pay their taxes under a system that they believe is fair, a system that they can understand, and a system that they recognize promotes rather than prevents growth and prosperity. My flat tax legislation will afford Americans such a tax system.

**ARLEN SPECTER FLAT TAX**

**Form 1**

**Individual Wage Tax**

**2006**

Your full name with initial (if joint return, also give spouse's name and initial)

Your social security number

Home address (number and street including apartment number or rural route)

Spouse's social security number

City, town, or post office, state, and ZIP code

- |     |  |    |       |
|-----|--|----|-------|
| 1.  | Wages, salary, pension and retirement benefits                         | 1  | _____ |
| 2.  | Personal allowance (enter only one)                                    |    |       |
|     | -- \$25,000 for married filing jointly                                 |    |       |
|     | -- \$12,500 for single   |    |       |
|     | -- \$18,750 for single head of household                               | 2  | _____ |
| 3.  | Number of dependents, not including spouse, multiplied by \$6,250      | 3  | _____ |
| 4.  | Mortgage interest on debt up to \$125,000 for owner-occupied home      | 4  | _____ |
| 5.  | Cash or equivalent charitable contributions (up to \$3,125)            | 5  | _____ |
| 6.  | Total allowances and deductions (lines 2, 3, 4 and 5)                  | 6  | _____ |
| 7.  | Taxable compensation (line 1 less line 6, if positive; otherwise zero) | 7  | _____ |
| 8.  | Tax (20% of line 7)  | 8  | _____ |
| 9.  | Tax withheld by employer   | 9  | _____ |
| 10. | Tax or refund due (difference between lines 8 and 9)                   | 10 | _____ |

A variety of specific cases illustrate the fairness and simplicity of this flat tax:

Case #1—Married couple with two children, rents home, yearly income \$40,000

Under Current Law:

|                                   |          |
|-----------------------------------|----------|
| Income .....                      | \$40,000 |
| Four personal exemptions .....    | 13,200   |
| Standard deduction .....          | 10,300   |
| Taxable income .....              | 16,500   |
| Tax due under current rates ..... | \$1,717  |
| Marginal rate .....               | 10.4%    |
| Effective tax rate .....          | 4.3%     |

Under Flat Tax:

|                              |          |
|------------------------------|----------|
| Personal allowance .....     | \$25,000 |
| Two dependents .....         | 12,500   |
| Taxable income .....         | 2,500    |
| Tax due under flat tax ..... | \$500    |
| Effective tax rate .....     | 1.3%     |

Decrease of \$1,217

Case #2—Single individual, rents home, yearly income \$50,000

Under Current Law:

|                                   |          |
|-----------------------------------|----------|
| Income .....                      | \$50,000 |
| One personal exemption .....      | 3,300    |
| Standard deduction .....          | 5,150    |
| Taxable income .....              | 41,550   |
| Tax due under current rates ..... | \$6,939  |
| Marginal rate .....               | 16.7%    |

|                      |       |
|----------------------|-------|
| Effective rate ..... | 13.9% |
|----------------------|-------|

Under Flat Tax:

|                              |          |
|------------------------------|----------|
| Personal allowance .....     | \$12,500 |
| Taxable income .....         | 37,500   |
| Tax due under flat tax ..... | \$7,500  |
| Effective rate .....         | 15.0%    |

Increase of \$561

Case #3—Married couple with no children, \$150,000 mortgage at 9%, yearly income \$75,000

Under Current Law:

|                                   |          |
|-----------------------------------|----------|
| Income .....                      | \$75,000 |
| Two personal exemptions .....     | \$6,600  |
| Home mortgage deduction .....     | 13,500   |
| State & local taxes .....         | 3,000    |
| Charitable deduction .....        | 1,500    |
| Taxable income .....              | 50,400   |
| Tax due under current rates ..... | \$6,809  |
| Marginal rate .....               | 13.5%    |
| Effective tax rate .....          | 9.1%     |

Under Flat Tax:

|                               |          |
|-------------------------------|----------|
| Personal allowance .....      | \$25,000 |
| Home mortgage deduction ..... | 11,250   |
| Charitable deduction .....    | 1,500    |
| Taxable income .....          | 37,250   |

|                              |         |
|------------------------------|---------|
| Tax due under flat tax ..... | \$7,450 |
|------------------------------|---------|

Effective tax rate .....

|                          |      |
|--------------------------|------|
| Effective tax rate ..... | 9.9% |
|--------------------------|------|

Increase of \$641

Case #4—Married couple with three children, \$250,000 mortgage at 9%, yearly income \$125,000

Under Current Law:

|                                   |           |
|-----------------------------------|-----------|
| Income .....                      | \$125,000 |
| Five personal exemptions .....    | 16,500    |
| Home mortgage deduction .....     | 22,500    |
| State & local taxes .....         | 5,000     |
| Retirement fund deductions .....  | 6,000     |
| Charitable deductions .....       | 2,500     |
| Taxable income .....              | 72,500    |
| Tax due under current rates ..... | \$11,234  |
| Marginal rate .....               | 15.5%     |
| Effective tax rate .....          | 9.0%      |

Under Flat Tax:

|                               |          |
|-------------------------------|----------|
| Personal allowance .....      | \$25,000 |
| Three dependents .....        | 18,750   |
| Home mortgage deduction ..... | 11,250   |
| Charitable deduction .....    | 2,500    |
| Taxable income .....          | 67,500   |
| Tax due under flat tax .....  | \$13,500 |
| Effective tax rate .....      | 10.8%    |

Increase of \$2,266

ANNUAL TAXES UNDER 20 PERCENT FLAT TAX FOR MARRIED COUPLE WITH TWO CHILDREN FILING JOINTLY

| Income    | Home mortgage* | Deductible mtg interest | Charitable contribution* | Personal allowance (w/ children) | Taxable income | Effective tax rate (per cent) | Taxes owed |
|-----------|----------------|-------------------------|--------------------------|----------------------------------|----------------|-------------------------------|------------|
| <37,500   |                |                         |                          |                                  | 0              | 0                             | —          |
| 37,500    | 75,000         | 6,750                   | 750                      | 37,500                           | 0              | 0                             | —          |
| 40,000    | 80,000         | 7,200                   | 800                      | 37,500                           | 0              | 0                             | —          |
| 50,000    | 100,000        | 9,000                   | 1,000                    | 37,500                           | 2,500          | 1                             | 500        |
| 60,000    | 120,000        | 10,800                  | 1,200                    | 37,500                           | 10,500         | 3.5                           | 2,100      |
| 70,000    | 140,000        | 11,250                  | 1,400                    | 37,500                           | 19,850         | 5.7                           | 3,970      |
| 80,000    | 160,000        | 11,250                  | 1,600                    | 37,500                           | 29,650         | 7.4                           | 5,930      |
| 90,000    | 180,000        | 11,250                  | 1,800                    | 37,500                           | 39,450         | 8.8                           | 7,890      |
| 100,000   | 200,000        | 11,250                  | 2,000                    | 37,500                           | 49,250         | 9.9                           | 9,850      |
| 125,000   | 250,000        | 11,250                  | 2,500                    | 37,500                           | 73,750         | 11.8                          | 14,750     |
| 150,000   | 300,000        | 11,250                  | 3,000                    | 37,500                           | 98,250         | 13.1                          | 19,650     |
| 200,000   | 400,000        | 11,250                  | 3,125                    | 37,500                           | 148,125        | 14.8                          | 29,625     |
| 250,000   | 500,000        | 11,250                  | 3,125                    | 30,000                           | 198,125        | 15.9                          | 39,625     |
| 500,000   | 1,000,000      | 11,250                  | 3,125                    | 37,500                           | 448,125        | 17.9                          | 89,625     |
| 1,000,000 | 2,000,000      | 11,250                  | 3,125                    | 37,500                           | 948,125        | 19.0                          | 189,625    |

\* Assumes home mortgage of twice annual income at a rate of 9 percent and charitable contributions up to 2 percent of annual income.

HOMEOWNERS' INSURANCE NONDISCLOSURE ACT

Mr. LOTT. Mr. President, I have introduced a bill requiring insurance companies to provide a written "plain English" explanation on the front page of each new homeowner's policy. It is a commonsense, customer-friendly service that could benefit insurers, consumers, and taxpayers.

I cosponsored a similar measure during the last Congress. The changes from last Congress are minimal. The new bill, called the Homeowners' Insurance Nondisclosure Act, deals exclusively with homeowners' policies, the area where most insurance coverage disputes arose following Hurricane Katrina.

Homeowners' policies are notoriously long, complicated, and written in legalese. Even for homeowners who are familiar with legal documents like mortgages and deeds, insurance policies are hard to understand.

That is because these policies are a contract between two parties, defined in precise legal terms. In the case of homeowners' policies, most consumers depend heavily on their agents for a good-faith explanation.

Yet, unlike a mortgage or deed, insurance policies are a competitive product purchased by consumers. While

we can't erase complex legalese from an insurance document, I do think it is reasonable for insurers to provide their paying customers with a simple, concise explanation of their policy.

If passed, this bill would require insurers to place a basic description of what the policy will not cover in a "noncoverage box," stating in bold letters, twice the size of the body of the policy text, all conditions, exclusions, and limitations pertaining to the individual policy's coverage.

Consumer groups like this proposal, and insurers should, too. It requires nothing of insurance companies except a little extra ink, but it could save insurers, their customers, and taxpayers much more.

One consumer group contends that had there been a plain English explanation of homeowners' policies before Katrina, American homeowners could have saved up to \$65 billion in lost claims. Insurers and taxpayers could save an untold amount of time and money in averted negotiations and court costs associated with disputes.

Using existing laws that govern unfair or deceptive practices, my bill would require the Federal Trade Commission, FTC, to enforce penalties against insurers who fail to comply with the noncoverage disclosure.

Predictably, some big insurance companies are already criticizing this bill, so expect some in the insurance industry to show resistance even in the face of this commonsense, cost-effective, consumer-friendly requirement. Their reaction is typical of some in the insurance industry's overall response since Hurricane Katrina—to delay, distract, and distort, saying "no" even to the most simple, sincere solutions.

That is what prompted lawmakers like U.S. Representative GENE TAYLOR and me to initiate this legislation and other major insurance reforms aimed at making insurance more dependable for the consumers who must buy it.

I hope insurance companies will play by significantly different rules when the next Katrina-like disaster hits America—rules which better protect consumers. And for homeowners, some of those rules will be clearly displayed on the first page of every new homeowner's policy, written in plain English.

ELECTIONS IN NIGERIA

Mr. FEINGOLD. Mr. President, this month's elections in Nigeria mark an important moment for Africa's most populous country. Free, fair, and peaceful elections would allow Nigeria