

reduced the complexity of the tax code. A simple Constitutional amendment ratified in 1913 runs to 32 words: "The Congress shall have the power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration." The Revenue Act of 1913 which enacted the income tax was 15 pages long.

The copy of the Internal Revenue Code on the bookshelf in my office is printed on the tissue thin paper. It covers over 2300 pages. The regulations springing from the code fill many volumes. The court cases would fill a library.

Is it any wonder that 66 percent of respondents in a recent Associated Press poll said that the federal tax system is too complicated? The same poll showed that over half of those surveyed, 56 percent, pay someone else to complete their returns. When you consider that only 30 percent of taxpayers itemize, that is a good number of people who are paying someone else to fill out 1040s and 1040EZs. Something is wrong when so many taxpayers with relatively straightforward returns lack confidence in their ability to fill out a 1040 or a 1040EZ.

At the beginning of this year, the Ways and Means Subcommittee on Oversight heard from the Taxpayer Advocate in its first hearing of the 106th Congress. The Advocate presented some 39 legislative proposals for improving service or reducing the compliance burden. He told us that his recommendations came from a "groundswell of casework."

Later this month, the Oversight Subcommittee will hold a hearing on the need to simplify the tax code and reduce the compliance burden. I look forward to hearing from Treasury and from several professional organizations, also from practitioners who work in the field every day trying to help working men and women comply with our tax laws.

In the meantime, I am in the process of drafting legislation (The Tax Simplification and Burden Reduction Act). It includes several of the Advocate's recommendations, proposals developed by the Tax Section of the American Bar Association and the American Institute of Certified Public Accountants, also suggestions I have received from the people of New York's 31st Congressional District and from people across the United States who have written to the Subcommittee on Oversight.

My bill would include the following provisions:

Eliminate nonrefundable credits as adjustments to regular taxable income in calculating alternative minimum taxable income. No one should have to pay the alternative minimum tax (AMT) simply because he or she claimed a child credit or HOPE scholarship credit.

Exempt taxpayers from the AMT if their modified adjusted gross income is below a middle-income threshold (\$85,000 for individuals, \$120,000 for married, filing jointly). The AMT was never intended to penalize middle-income taxpayers who aren't using loopholes in the tax code.

Increase the AMT gross receipts exemption for small businesses from \$7,500,000 to \$10,000,000. By the same token, the AMT is an unnecessary and extraordinary burden for many small businesses.

Replace the current individual capital gains tax regime with a simple 50 percent deduction from gross income. The current form is 54 lines long and according to the Treasury Department takes an average of 6 hours and 41 minutes to complete. Many taxpayers have to fill out this form simply because they earned a few dollars from a mutual fund. The 50 percent calculation would completely eliminate this burden.

Allow a deduction for all refinancing mortgage points for personal residences in the year paid. It is simply too confusing to require these relatively small amounts to be amortized over the life of a long-term mortgage.

Increase the exclusion for group-term life insurance purchased for employees from \$50,000 to \$100,000. Taking modest life insurance coverage into income is a needless inconvenience for many taxpayers.

Repeal the percent limitation on contributions to defined contribution retirement plans. The current law restriction is not only confusing, it limits the ability of lower income workers to save for retirement.

Simplify the safe harbor for payment of estimated income taxes. Under current law, the safe harbor changes from year to year. My bill would eliminate the fluctuation.

Allow expensing of off-the-shelf computer software by small businesses. Depreciating such small investments is hardly cost-effective considering the compliance burden for the taxpayer.

Allow expensing of personal property (e.g. carpeting, refrigerators, washers) purchased for use in connection with residential rentals. This would eliminate a common error and result in increased compliance.

Simplify Subchapter S rules. The Subchapter S regime has become a maze of complex requirements and a snare for even the most experienced taxpayers. A major overhaul is needed.

Increase the gross receipts threshold for the cash method of accounting from \$5,000,000 to \$10,000,000. We are forcing far too many small businesses to use the accrual method of accounting.

Extend the \$10,000,000 gross receipts threshold for the uniform capitalization (UNICAP) rules to all small business activity. Compliance with the UNICAP rules is particularly complex if not impossible for small businesses.

Reduce recordkeeping requirements. Under current law taxpayers are required to keep indefinitely all records that may become material. The bill would require taxpayers to keep only primary records after six years if there is no audit in progress.

Increase from \$10 to \$25 the threshold for dividend and interest payments that must be reported on form 1099. Requiring savings institutions and other payors to report such minimal amounts is an inefficient use of private sector resources.

Treat the postmark date as the filing date on all returns. Under current law, the postmark date is material only when the return is filed on time. Considering the postmark date as the filing date for all returns would eliminate confusion.

Mr. Speaker, several of my colleagues, including the gentleman from Pennsylvania (Mr.

COYNE) and the gentleman from Massachusetts (Mr. NEAL), both of whom serve on the Oversight Subcommittee, have introduced simplification bills of their own. My immediate predecessor, the gentlelady from Connecticut (Mrs. JOHNSON), established a compelling hearing record when she chaired the Subcommittee. I applaud their efforts and look forward to working with them on this tremendous important challenge.

In the coming days, I will be approaching my colleagues to ask them to join me as original co-sponsors of the Tax Simplification and Burden Reduction Act.

HONORING VINCENT STANLEY

HON. THOMAS M. REYNOLDS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1999

Mr. REYNOLDS. Mr. Speaker, I rise today to honor the achievements of Vincent J. Stanley, Jr., who will be honored on May 18th with the Annual Rotary Award of the Rochester Rotary Club.

Mr. Speaker, Rotary International's motto, "Service Above Self," aptly applies to Vince Stanley.

In addition to his success in business as founder and President of V.J. Stanley, Inc., Vince Stanley's leadership and generosity has improved the quality of life of countless people in his community.

Through his work with the Rochester Rotary Club, he has made it possible for hundreds of school children to attend summer camp. As a former President of the Rochester Red Wings baseball team, Vince initiated special handicapped seating within the stadium and continues to provide thousands of underprivileged children with tickets to baseball and hockey games and PGA events.

Vince's generosity aided in the formation of Hope Hall, a school that serves children with special learning needs.

Through his involvement with the National Federation of Independent Businesses (NFIB), Vince continues to make a difference for small businesses in his community, and throughout our nation.

Mr. Speaker, I ask that this House of Representatives join me in congratulating Vince Stanley, on the occasion of his being honored by the Rochester Rotary Club with its annual award, and for his continued generosity and dedication to community service.

CRISIS IN KOSOVO (ITEM NO. 3)
REMARKS BY DAN PLESCH DIRECTOR, BRITISH AMERICAN SECURITY INFORMATION COUNCIL

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 12, 1999

Mr. KUCINICH. Mr. Speaker, on April 29, 1999, I joined with Representative CYNTHIA A. MCKINNEY and Representative MICHAEL E. CAPUANO to host the second in a series of