I congratulate the leadership of the gentleman from Florida (Mr. SHAW) on this and many other issues.

Mr. LEVIN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in strong support of Senate Concurrent Resolution 71, which is a bipartisan concurrent resolution expressing the sense of the Congress that Miami and not a competing foreign city should serve as a permanent location for the Free Trade Area of the Americas Secretariat, FTAA, beginning in the year 2005.

I introduced the companion House concurrent resolution, House Concurrent Resolution 217, to the legislation before us today. I am pleased that nearly every member of the Florida delegation is a cosponsor of this bill.

Mr. Speaker, in 1998 the trade ministers of 34 Western Hemisphere countries agreed to create a permanent Secretariat in order to support negotiations on establishing the free trade area of the Americas. The temporary site of the FTAA Secretariat is now located in Miami. Starting next year, the FTAA Secretariat will rotate to Panama City and then rotate to Mexico City until the year 2005.

The purpose of this legislation is to put the Congress on record as supporting Miami for the permanent location of the FTAA talks. This legislation is particularly good news for South Florida. If the FTAA permanently locates in Miami, thousands of jobs will be created to support this institution. Miami will join the ranks of Washington, D.C. and New York as the only American cities to host a large international organization.

If Miami is ultimately chosen, some day Miami may be as closely associated as being the center of world trade as now it is known for its famous beaches and sunshine and climate.

Locating the FTAA talks in Miami also will make sense on a practical level. The city of Miami and Miami-Dade County and the State of Florida have long served as the gateway for trade with the Caribbean Nations and Latin America. Moreover, Miami-Dade County possesses the necessary infrastructure, local resources, and the cultural diversity that is necessary for the FTAA Secretariat's permanent site. Miami also is a multicultural, bilingual city that is de facto financial capital of Latin America today.

In sum, Miami is the logical and most attractive location to permanently hold the FTAA talks. In a broader sense, the home of the FTAA should be an American city. Since the end of World War II, the United States has been the leading proponent of trade liberalization throughout the world. Today our leadership on free trade is under close scrutiny, with many of our allies openly questioning our continuing commitment to expanding world trade.

Let us send a strong signal today that America will continue its leadership position on this issue, especially to our neighbors in this hemisphere, by having a unanimous vote to locate the FTAA Secretariat in Miami.

Mr. Speaker, I thank the gentleman from Illinois (Chairman CRANE) and the gentleman from Texas (Chairman ARCHER) and all of my Florida colleagues for bringing this important bill to the floor today.

I especially thank Florida Secretary of State Katherine Harris, whose tireless work on this legislation was a major reason for its consideration today. I am confident that under Secretary Harris's leadership, Miami will one day be known as the Brussels of the West.

Mr. Speaker, I ask for a yea vote on this bill. It is important to Dade County and Miami, it is important to the State of Florida, and as my good friend, the gentleman from Michigan (Mr. LEVIN) pointed out, it is good for America.

Mr. MILLER of Florida. Mr. Speaker, I rise in support of this bi-partisan resolution directing the President and the United States Trade Representative to pursue all available means to insure that the permanent home of the Free Trade Area of the Americas' (FTAA) Secretariat is located in the city of Miami, Florida. Miami already boasts a strong economic and cultural connection to our country's southern neighbors and trading partners, and is now positioned to become the "Brussels of the Western Hemisphere" by hosting the permanent home of the FTAA.

For those who may be unaware, the Free Trade Area of the Americas (FTAA) is the product of agreements among the United States and the nations of the Western Hemisphere to establish a means for cooperation to promote trade and further reduce barriers to trade within this hemisphere. As part of that goal, the trade ministers of 34 countries agreed to establish an organization, the FTAA Secretariat, to aid the process of trade liberalization. By 2005 the FTAA Secretariat will have international institution status providing jobs and tremendous economic benefits to its host city akin to the European regional economic and governmental organizations in Brussels. The agreement establishing the FTAA Secretariat calls for its location to rotate on a temporary basis between three cities: Panama City, Panama; Mexico City, Mexico; and Miami, Florida. A choice on the permanent site of the Secretariat has not yet been made from among these three competing cities, but will be soon.

The FTAA Secretariat will be funded by a combination of local resources and institutional resources from a tripartite committee consisting of the Organization of American States (OAS), the Inter-American Development Bank (IDB), and the United Nations Economic Commission on Latin America and the Caribbean (ECLAC).

Mr. Speaker, I would advise my colleagues that it does not matter what your position on free trade or on some of our Latin American trading partners may be, this resolution deserves the support of every Member of Congress. This is a noncontroversial and patriotic resolution which simply affirms that we, as a Congress, desire that the FTAA Secretariat should be permanently located in the United States rather than either Panama or Mexico. Miami is the only United States city in contention to become the permanent home of the FTAA Secretariat, and the city of Miami and the State of Florida deserve the support of Congress in this effort.

The city of Miami and the State of Florida have long served as the gateway for trade with the Caribbean and Latin America. Trade between the city of Miami, Florida and the countries of Latin America and the Caribbean totaled $36,793,000,000 in 1998. Furthermore, Miami is better equipped with the necessary infrastructure to support the Secretariat, including the area of information technology. Miami is best positioned of the three locations to further accelerate the already rapid expansion of the Internet and E-commerce into Latin America through the FTAA, and become not only the "Brussels of the Western Hemisphere" but the Latin American gateway to Silicon Valley as well.

I would be remiss if I did not thank Florida Secretary of State Katherine Harris, who is from my own Congressional District, and my colleague Congressman CLAY SHAW for all their hard work to bring this bill to the floor and to bring the FTAA to Miami.

Mr. Speaker, the United States has always been the leader in expanded trade and in this hemisphere, and Congress can help ensure that we do not abdicate that role by doing our part to locate the FTAA Secretariat here in this country, in Miami, Florida. I strongly urge my colleagues to vote in favor of this important resolution.

Mr. SHAW. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. OSE). The question is on the motion offered by the gentleman from Florida (Mr. SHAW) that the House suspend the rules and concur in the Senate concurrent resolution, S. Con. Res. 71.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

TAXPAYER BILL OF RIGHTS 2000

Mr. ARCHER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4163) to amend the Internal Revenue Code of 1986 to provide for increased fairness to taxpayers, as amended.

The Clerk read as follows:

H.R. 4163

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Bill of Rights 2000".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

TITLE I—PENALTIES AND INTEREST

Sec. 101. Failure to pay estimated tax penalty converted to interest charge on accumulated unpaid balance.
Sec. 102. Exclusion from gross income for interest on overpayments of income tax by individuals.
Sec. 103. Reductions of penalty for failure to pay tax.
Sec. 104. Abatement of interest.
Sec. 105. Deposits made to stop the running of interest on potential underpayments.
Sec. 106. Expansion of interest netting for individuals.

TITLE II—CONFIDENTIALITY AND DISCLOSURE

Sec. 201. Disclosure and privacy rules relating to returns and return information.
Sec. 202. Expansion of type of advice available for public inspection.
Sec. 203. Collection activities with respect to joint return disclosable to either spouse based on oral request.
Sec. 204. Taxpayer representatives not subject to examination on sole basis of representation of taxpayers.
Sec. 205. Disclosure in judicial or administrative tax proceedings of return and return information of persons who are not party to such proceedings.
Sec. 206. Prohibition of disclosure of taxpayer identification information with respect to disclosure of accepted offers-in-compromise.
Sec. 207. Compliance by State contractors with confidentiality safeguards.
Sec. 208. Higher standards for requests for and consents to disclosure.
Sec. 209. Notice to taxpayer concerning administrative determination of browsing; annual report.
Sec. 210. Disclosure of taxpayer identity for tax refund purposes.

TITLE III—OTHER REQUIREMENTS

Sec. 301. Clarification of definition of church tax inquiry.
Sec. 302. Expansion of declaratory judgment remedy to tax-exempt organizations.
Sec. 303. Employee misconduct report to include summary of complaints by category.
Sec. 304. Increase in threshold for Joint Committee reports on refunds and credits.
Sec. 305. Annual report on awards of costs and certain fees in administrative and court proceedings.
Sec. 306. Annual report on abatement of penalties.
Sec. 307. Better means of communicating with taxpayers.
Sec. 308. Explanation of statute of limitations and consequences of failure to file.

TITLE I—PENALTIES AND INTEREST

SEC. 101. FAILURE TO PAY ESTIMATED TAX PENALTY CONVERTED TO INTEREST CHARGE ON ACCUMULATED UNPAID BALANCE.

(a) PENALTY MOVED TO INTEREST CHAPTER OF CODE.—The Internal Revenue Code of 1986 is amended by redesignating section 6654 as section 6641 and by moving section 6641 (as so redesignated) from part I of subchapter A of chapter 68 to the end of subchapter E of chapter 67 (as added by subsection (e)(1) of this section).

(b) PENALTY CONVERTED TO INTEREST CHARGE.—The heading and subsections (a) and (b) of section 6641 (as so redesignated) are amended to read as follows:

"SEC. 6641. INTEREST ON FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

''(a) IN GENERAL.—Interest shall be paid on any underpayment of estimated tax by an individual for a taxable year for each day of such underpayment. The amount of such interest for any day shall be the product of the underpayment rate established under subsection (b)(2) multiplied by the amount of the underpayment.

''(b) AMOUNT OF UNDERPAYMENT; INTEREST RATE.—For purposes of subsection (a)—

''(1) AMOUNT.—The amount of the underpayment on any day shall be the excess of—

''(A) the sum of the required installments for the taxable year the due dates for which are on or before such day, over

''(B) the sum of the amounts (if any) of estimated tax payments made on or before such day on such required installments.

''(2) DETERMINATION OF INTEREST RATE.—

''(A) IN GENERAL.—The underpayment rate with respect to any day in an installment underpayment period shall be the underpayment rate established under section 6621 for the first day of the calendar quarter in which such installment underpayment period begins.

''(B) INSTALLMENT UNDERPAYMENT PERIOD.—For purposes of subparagraph (A), the term 'installment underpayment period' means the period beginning on the day after the due date for a required installment and ending on the due date for the subsequent required installment (or in the case of the 4th required installment, the 15th day of the 4th month following the close of a taxable year).

''(C) DAILY RATE.—The rate determined under subparagraph (A) shall be applied on a daily basis and shall be based on the assumption of 365 days in a calendar year.

''(3) TERMINATION OF ESTIMATED TAX INTEREST.—No day after the end of the installment underpayment period for the 4th required installment specified in paragraph (2)(B) for a taxable year shall be treated as a day of underpayment with respect to such taxable year.''.

(c) INCREASE IN SAFE HARBOR WHERE TAX IS SMALL.—

(1) IN GENERAL.—Clause (i) of section 6641(d)(1)(B) (as so redesignated) is amended to read as follows:

''(i) the lesser of—

''(I) 90 percent of the tax shown on the return for the taxable year (or, if no return is filed, 90 percent of the tax for such year), or

''(II) the tax shown on the return for the taxable year (or, if no return is filed, the tax for such year) reduced (but not below zero) by $2,000, or''.

(2) CONFORMING AMENDMENT.—Subsection (e) of section 6641 (as so redesignated) is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(d) CONFORMING AMENDMENTS.—

(1) Paragraphs (1) and (2) of subsection (e) (as redesignated by subsection (c)(2)) and subsection (h) of section 6641 (as so designated) are each amended by striking ''addition to tax'' each place it occurs and inserting ''interest''.

(2) Section 167(g)(5)(D) is amended by striking ''6654'' and inserting ''6641''.

(3) Section 460(b)(1) is amended by striking ''6654'' and inserting ''6641''.

(4) Section 3510(b) is amended—

(A) by striking ''section 6654'' in paragraph (1) and inserting ''section 6641'',

(B) by amending paragraph (2)(B) to read as follows:

''(B) no interest would be required to be paid (but for this section) under 6641 for such taxable year by reason of the $2,000 amount specified in section 6641(d)(1)(B)(i)(II).'',

(C) by striking ''section 6654(d)(2)'' in paragraph (3) and inserting ''section 6641(d)(2)'', and

(D) by striking paragraph (4).

(5) Section 6201(b)(1) is amended by striking ''6654'' and inserting ''6641''.

(6) Section 6601(h) is amended by striking ''6654'' and inserting ''6641''.

(7) Section 6621(b)(2)(B) is amended by striking ''addition to tax under section 6654'' and inserting ''interest required to be paid under section 6641''.

(8) Section 6622(b) is amended—

(A) by striking ''PENALTY FOR'' in the heading, and

(B) by striking ''addition to tax under section 6654 or 6655'' and inserting ''interest required to be paid under section 6641 or addition to tax under section 6655''.

(9) Section 6658(a) is amended—

(A) by striking ''6654, or 6655'' and inserting ''or 6655, and no interest shall be required to be paid under section 6641,'', and

(B) by inserting ''or paying interest'' after ''the tax'' in paragraph (2)(B)(ii).

(10) Section 6665(b) is amended—

(A) in the matter preceding paragraph (1) by striking '', 6654,'', and

(B) in paragraph (2) by striking ''6654 or''.

(11) Section 7203 is amended by striking ''section 6654 or 6655'' and inserting ''section 6655 or interest required to be paid under section 6641''.

(e) CLERICAL AMENDMENTS.—

(1) Chapter 67 is amended by inserting after subchapter D the following:

"Subchapter E—Interest on Failure by Individual to Pay Estimated Income Tax

''Sec. 6641. Interest on failure by individual to pay estimated income tax.''.

(2) The table of subchapters for chapter 67 is amended by adding at the end the following new items:

''Subchapter D. Notice requirements.

''Subchapter E. Interest on failure by individual to pay estimated income tax.''.

(3) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6654.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to installment payments for taxable years beginning after December 31, 2000.

SEC. 102. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 139A and by inserting after section 138 the following new section:

"SEC. 139. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

''(a) IN GENERAL.—In the case of an individual, gross income shall not include interest paid under section 6611 on any overpayment of tax imposed by this subtitle.

''(b) EXCEPTION.—Subsection (a) shall not apply in the case of a failure to claim items resulting in the overpayment on the original return if the Secretary determines that the principal purpose of such failure is to take advantage of subsection (a).

''(c) SPECIAL RULE FOR DETERMINING MODIFIED ADJUSTED GROSS INCOME.—For purposes of

this title, interest not included in gross income under subsection (a) shall not be treated as interest which is exempt from tax for purposes of sections 32(i)(2)(B) and 6012(d) or any computation in which interest exempt from tax under this title is added to adjusted gross income.''.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

''Sec. 139. Exclusion from gross income for interest on overpayments of income tax by individuals.

''Sec. 139A. Cross references to other Acts.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received in calendar years beginning after the date of the enactment of this Act.

SEC. 103. REDUCTIONS OF PENALTY FOR FAILURE TO PAY TAX.

(a) REDUCTIONS OF PENALTY FOR FAILURE TO PAY TAX.—

(1) REDUCTION OF PENALTY BY 50 PERCENT.—

(A) IN GENERAL.—Paragraphs (2) and (3) of section 6651(a) are each amended by striking ''0.5'' each place it appears and inserting ''0.25''.

(B) CONFORMING AMENDMENT.—Paragraph (1) of section 6651(d) is amended by striking ''by substituting '1 percent' for '0.5 percent' '' and inserting ''by substituting '0.5 percent' for '0.25 percent' ''.

(2) REDUCTION OF PENALTY TO ZERO DURING PERIOD OF INSTALLMENT AGREEMENT.—Subsection (h) of section 6651 is amended by striking ''by substituting '0.25' for '0.5' '' and inserting ''by substituting 'zero' for '0.25' ''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply for purposes of determining additions to tax for months beginning after December 31, 2000.

(b) PROHIBITION OF FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—

(1) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) PROHIBITION OF FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—The Secretary may not charge a taxpayer a fee for entering into an agreement with the Secretary under this section only for so long as payments under such agreement are made by means of electronic transfer or by similar automated means.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to installment agreements entered into more than 30 days after the date of the enactment of this Act.

SEC. 104. ABATEMENT OF INTEREST.

(a) ABATEMENT OF INTEREST IF GROSS INJUSTICE WOULD OTHERWISE RESULT.—Section 6404 is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

''(i) ABATEMENT OF INTEREST IF GROSS INJUSTICE WOULD OTHERWISE RESULT.—The Secretary may abate the assessment of all or any part of interest on any amount of tax imposed by this title for any period if the Secretary determines that—

''(1) a gross injustice would otherwise result if interest were to be charged, and

''(2) no significant aspect of the events giving rise to the accrual of the interest can be attributed to the taxpayer involved.''.

(b) ABATEMENT OF INTEREST FOR PERIODS ATTRIBUTABLE TO ANY UNREASONABLE IRS ERROR OR DELAY.—Subparagraphs (A) and (B) of section 6404(e)(1) are each amended by striking ''in performing a ministerial or managerial act''.

(c) ABATEMENT OF INTEREST WITH RESPECT TO ERRONEOUS REFUND CHECK WITHOUT REGARD TO SIZE OF REFUND.—Paragraph (2) of section 6404(e) is amended by striking ''unless—'' and all that follows and inserting ''unless the taxpayer (or a related party) has in any way caused such erroneous refund.''

(d) ABATEMENT OF INTEREST TO EXTENT INTEREST IS ATTRIBUTABLE TO TAXPAYER RELIANCE ON WRITTEN STATEMENTS OF THE IRS.—Subsection (f) of section 6404 is amended—

(1) in the subsection heading, by striking ''PENALTY OR ADDITION'' and inserting ''INTEREST, PENALTY, OR ADDITION'', and

(2) in paragraph (1) and in subparagraph (B) of paragraph (2), by striking ''penalty or addition'' and inserting ''interest, penalty, or addition''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to interest accruing on or after the date of the enactment of this Act.

SEC. 105. DEPOSITS MADE TO STOP THE RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS.

(a) IN GENERAL.—Subchapter B of chapter 67 (relating to interest on overpayments) is amended by redesignating section 6612 as section 6613 and by inserting after section 6611 the following new section:

''SEC. 6612. DEPOSITS MADE TO STOP THE RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS, ETC.

''(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN AS PAYMENT OF TAX.—Any taxpayer may make a cash bond deposit with the Secretary to offset any potential underpayment of tax imposed by this title for any taxable period. Such a deposit shall be made in such manner as the Secretary shall prescribe.

''(b) DEPOSITS USED TO PAY UNDERPAYMENT ALSO OFFSET RUNNING OF INTEREST ON UNDERPAYMENT.—Any cash bond deposit used to pay tax under this title shall offset interest under subchapter A during the period of such deposit on such tax under such procedures as the Secretary shall prescribe.

''(c) TAXPAYER MAY REQUEST RETURN OF CASH BOND DEPOSIT.—

''(1) IN GENERAL.—On written request of a taxpayer who made a cash bond deposit, the Secretary shall return to the taxpayer any amount of such deposit specified by the taxpayer.

''(2) NO INTEREST.—In the case of a deposit which is so returned—

''(A) the amount returned shall not offset interest under subchapter A for any period, and

''(B) except as provided in subsection (d), no interest shall be allowed on such amount.

''(3) EXCEPTIONS.—Paragraph (1) shall not apply to any amount if—

''(A) such amount has been treated by the Secretary as a payment of tax after a final determination of the disputed items to which such amount relates,

''(B) such amount has been designated by the taxpayer as being a payment of tax,

''(C) the Secretary determines that assessment or collection of tax is in jeopardy, or

''(D) the amount is applied in accordance with section 6402.

Subparagraph (D) shall not apply to a payment to a taxpayer if the taxpayer is entitled to be paid interest under subsection (d) on such payment.

''(d) INTEREST ON AMOUNTS RETURNED IN CERTAIN CIRCUMSTANCES.—

''(1) IN GENERAL.—Interest shall be allowed and paid on the amount of any cash bond deposit for a taxable period which is returned to the taxpayer only if the deposit is attributable to a dispute reserve account for such period.

''(2) ATTRIBUTION TO DISPUTE RESERVE ACCOUNT.—For purposes of paragraph (1), an amount is attributable to a dispute reserve account for any taxable period only to the extent that the aggregate of the cash bond deposits for such period (reduced by the amount of such deposits which has been previously returned to the taxpayer or treated as a payment of tax) does not exceed the deposit limit for such period.

''(3) DEPOSIT LIMIT.—For purposes of paragraph (2)—

''(A) IN GENERAL.—The deposit limit for any taxable period is the amount specified by the taxpayer at the time of the deposit as the taxpayer's reasonable estimate of the potential underpayment for such period with respect to disputable items identified (at such time) by the taxpayer with respect to such deposit.

''(B) SAFE HARBOR BASED ON 30-DAY LETTER.—In the case of a taxpayer who is issued a 30-day letter for any taxable period, the deposit limit for such period shall not be less than the amount of the proposed deficiency specified in such letter.

''(4) DEFINITIONS.—For purposes of paragraph (3)—

''(A) DISPUTABLE ITEM.—The term 'disputable item' means any item if the taxpayer—

''(i) has a reasonable basis for its treatment of such item, and

''(ii) reasonably believes that the Secretary also has a reasonable basis for disallowing the taxpayer's treatment of such item.

''(B) 30-DAY LETTER.—The term '30-day letter' means the first letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals.

''(5) RATE AND PERIOD OF INTEREST.—

''(A) RATE.—The rate of interest allowable under this subsection shall be the Federal short-term rate determined under section 6621(b), compounded daily.

''(B) PERIOD.—Interest under this subsection on any payment to a taxpayer shall be payable from the date of the deposit to which such payment is attributable to a date (to be determined by the Secretary) preceding the date of the check making such payment by not more than 30 days. For purposes of the preceding sentence, cash bond deposits for any taxable period shall be treated as used and returned on a last-in first-out basis.

''(e) CASH BOND DEPOSIT.—For purposes of this section—

''(1) IN GENERAL.—The term 'cash bond deposit' means any payment which is designated by the taxpayer as being a cash bond deposit for a specified taxable period.

''(2) AMOUNTS DESIGNATED OR USED AS PAYMENT OF TAX.—A cash bond deposit shall cease to be treated as such for purposes of this section beginning on the date that the taxpayer designates such deposit as a payment of tax for purposes of this title, or, if earlier, on the date such deposit is so used.

''(f) CHANGE IN PERIOD FOR WHICH DEPOSIT MADE.—Subject to the requirements of subsection (d), a taxpayer may change the taxable period to which a cash bond deposit relates.''

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 67 is amended by striking the last item and inserting the following new items:

''Sec. 6612. Deposits made to stop the running of interest on potential underpayments, etc.

''Sec. 6613. Cross references.''

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to interest for periods after the date of the enactment of this Act.

(2) SPECIFICATION OF DISPUTED ITEMS.—In the case of amounts held by the Secretary of the Treasury on the date of the enactment of this Act as a deposit in the nature of a cash bond

pursuant to Revenue Procedure 84–58, the date that the taxpayer makes the identification under subsection (d)(3)(A) of section 6612 of the Internal Revenue Code of 1986, as added by this section, shall be treated as the date such amounts were deposited for purposes of such section 6612.

SEC. 106. EXPANSION OF INTEREST NETTING FOR INDIVIDUALS.

(a) IN GENERAL.—Subsection (d) of section 6621 (relating to elimination of interest on overlapping periods of tax overpayments and underpayments) is amended by adding at the end the following: ''Solely for purposes of the preceding sentence, section 6611(e) shall not apply in the case of an individual.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accrued after December 31, 2000.

TITLE II—CONFIDENTIALITY AND DISCLOSURE

SEC. 201. DISCLOSURE AND PRIVACY RULES RELATING TO RETURNS AND RETURN INFORMATION.

(a) IN GENERAL.—Subsection (a) of section 6103 (relating to general rule for confidentiality and disclosure of returns and return information) is amended by striking ''title—'' and inserting ''title and notwithstanding any other provision of law—''.

(b) PROCEDURAL AND JURISDICTIONAL RULES.—Subsection (p) of section 6103 (relating to procedure and recordkeeping) is amended by adding at the end the following new paragraph:

''(9) PROCEDURAL RULES APPLICABLE TO CERTAIN DISCLOSURES.—

''(A) IN GENERAL.—The Secretary shall prescribe regulations for purposes of providing for disclosures of return and return information under subsections (c), (e), and (k) (1) and (2). Such regulations shall include a schedule of fees, and waivers and reductions of such fees, applicable to the processing of requests for such disclosures.

''(B) DETERMINATIONS OF WHETHER TO COMPLY WITH DISCLOSURE REQUESTS.—

''(i) INITIAL REQUESTS.—In response to a request that reasonably describes the return or return information sought and is made in accordance with the published rules, the Secretary shall—

''(I) determine within 20 days after the receipt of any request for disclosure of return or return information under subsections (c), (e), and (k) (1) and (2) whether to comply with such request, and

''(II) immediately notify the person making such request of such determination and the reasons therefor, and of the right of such person to appeal to the Commissioner any adverse determination.

''(ii) APPEAL.—The Commissioner shall—

''(I) make a determination with respect to any appeal of any adverse determination under clause (i)(I) within 20 days after the receipt of such appeal, and

''(II) if on appeal the denial of the request for disclosure of such return or return information is in whole or in part upheld, the Commissioner shall notify the person making such request of the provisions for judicial review of that determination under subparagraph (D).

''(iii) EXTENSION OF PERIODS FOR UNUSUAL CIRCUMSTANCES.—

''(I) IN GENERAL.—The time limits prescribed in clause (i) and clause (ii) (as the case may be) may be extended for not more than 10 days in unusual circumstances by providing to the person making such request for disclosure written notice which sets forth the unusual circumstances for such extension and the date on which a determination is expected to be dispatched. No such notice shall specify a date that would result in an extension for more than 10 working days, except as provided in subclause (II).

''(II) MODIFICATION OF REQUEST OR TIME PERIOD.—If, with respect to a request for which the time limits are extended under subclause (I), the Secretary determines that the request cannot be processed within the time limit so specified, the Secretary shall notify the person making the request and shall provide the person an opportunity to limit the scope of the request so that it may be processed within that time limit or an opportunity to arrange with the agency an alternative time frame for processing the request or a modified request. Refusal by the person to reasonably modify the request or arrange such an alternative time frame shall be considered as a factor in determining whether exceptional circumstances exist for purposes of subparagraph (C).

''(iv) UNUSUAL CIRCUMSTANCES DEFINED.—For purposes of clause (iii), the term 'unusual circumstances' means, but only to the extent reasonably necessary to the proper processing of the particular requests—

''(I) the need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request,

''(II) the need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records which are demanded in a single request, or

''(III) the need for consultation, which shall be conducted with all practicable speed, with another agency having a substantial interest in the determination of the request or among two or more components of the agency having substantial subject-matter interest therein.

''(v) 20-DAY PERIOD EXCLUDES CERTAIN DAYS.—The 20-day periods referred to in clauses (i) and (ii) shall not include Saturdays, Sundays, and legal public holidays.

''(C) FAILURE TO MEET TIME LIMITS.—

''(i) IN GENERAL.—Any person making a request for the disclosure of return or return information which is subject to this paragraph shall be deemed to have exhausted his administrative remedies with respect to such request if the Secretary fails to comply with the applicable time limit provisions of this paragraph. If the Secretary can show exceptional circumstances exist and that the agency is exercising due diligence in responding to the request, the court may retain jurisdiction and allow the agency additional time to complete its review of the records. Upon any determination by the Secretary to comply with a request for records, the records shall be made promptly available to such person making such request. Any notification of denial of any request for records under this subsection shall set forth the names and titles or positions of each person responsible for the denial of such request.

''(ii) EXCEPTIONAL CIRCUMSTANCES DEFINED.—For purposes of clause (i), the term 'exceptional circumstances' does not include a delay that results from a predictable workload of the Secretary relating to requests subject to this paragraph, unless the Secretary demonstrates reasonable progress in reducing its backlog of pending requests.

''(iii) REFUSAL TO MODIFY REQUEST OR TIME FRAME.—Refusal by a person to reasonably modify the scope of a request or arrange an alternative time frame for processing a request (or a modified request) under subparagraph (B)(ii) after being given an opportunity to do so by the agency to whom the person made the request shall be considered as a factor in determining whether exceptional circumstances exist for purposes of this subparagraph.

''(D) JUDICIAL PROCEEDINGS.—

''(i) JURISDICTION OF THE DISTRICT COURTS.—

''(I) IN GENERAL.—On complaint, the district courts of the United States in the district in which the complainant resides, or has his principal place of business, or in which his return or return information is situated, or in the District of Columbia, shall have jurisdiction to enjoin the Secretary from withholding return or return information which is subject to disclosure under subsection (c), (e), or (k) (1) or (2), and to order the production of any return or return information improperly withheld from the complainant.

''(II) EXPEDITED PROCESSING.—No district court of the United States shall have jurisdiction to review a denial by the Secretary of expedited processing of a request for return or return information after the Secretary has provided a complete response to the request.

''(ii) PROCEDURAL MATTERS.—In a case arising under clause (i), the court shall determine the matter de novo (on the record before the Secretary at the time of the determination in the case of a request for expedited processing), and may examine the contents of such return or return information in camera to determine whether such return or return information or any part thereof shall be withheld under any of the provisions of this title, and the burden shall be on the Secretary to sustain its action. In addition to any other matters to which a court accords substantial weight, a court shall accord substantial weight to an affidavit of the Secretary concerning the Secretary's determination as to technical feasibility relating to, and reproducibility of, such return and return information.

''(E) DEADLINE FOR SECRETARY TO ANSWER COMPLAINT.—Notwithstanding any other provision of law, the Secretary shall serve an answer or otherwise plead to any complaint made under this paragraph within 30 days after service upon the Secretary of the pleading in which such complaint is made, unless the court otherwise directs for good cause shown.''.

(c) ATTORNEY FEES.—Subsection (a) of section 7430 (relating to general rule for awarding of costs and certain fees) is amended by inserting after ''title,'' the following: ''and in any court proceeding in connection with the disclosure of return and return information under section 6103(p)(9),''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 202. EXPANSION OF TYPE OF ADVICE AVAILABLE FOR PUBLIC INSPECTION.

(a) IN GENERAL.—Subparagraph (A) of section 6110(i)(1) is amended—

(1) by striking ''national office component of the Office of Chief Counsel'' and inserting ''component of the Office of Chief Counsel or of the Service'', and

(2) in clause (i) by striking ''field or service center employees of the Service or regional or district'' and inserting ''employees of the Service or''.

(b) CONFORMING AMENDMENTS.—

(1) Section 6110(i)(2) is amended by inserting ''or the Service'' after ''Office of Chief Counsel''.

(2) The following provisions of section 6110 are amended by striking ''Chief Counsel advice'' each place it appears and inserting ''official advice'':

(A) Paragraph (1) of subsection (b).

(B) Subparagraph (A) of subsection (i)(1).

(C) Paragraphs (3) and (4) of subsection (i).

(3) Subparagraph (A) of section 6110(g)(5) is amended by inserting ''official advice and'' before ''technical advice''.

(4) The heading for subsection (i) of section 6110 is amended by striking ''CHIEF COUNSEL'' and inserting ''OFFICIAL''.

(5) The heading for paragraph (1) of section 6110(i) is amended by striking ''CHIEF COUNSEL'' and inserting ''OFFICIAL''.

(6) The headings for paragraphs (2) and (3) of section 6110(i), and for subparagraphs (A) and

(B) of paragraph (4) of such section, are each amended by striking ''CHIEF COUNSEL'' and inserting ''OFFICIAL''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to any official advice issued more than 90 days after the date of the enactment of this Act.

(2) DOCUMENTS TREATED AS OFFICIAL ADVICE.—If the Secretary of the Treasury by regulation provides pursuant to section 6110(i)(2) of the Internal Revenue Code of 1986, that any additional advice or instruction issued by the Office of Chief Counsel shall be treated as official advice, such additional advice or instruction shall be made available for public inspection pursuant to section 6110 of such Code, as amended by this section, only in accordance with the effective date set forth in such regulation.

(3) OFFICIAL ADVICE TO BE AVAILABLE ELECTRONICALLY.—The Internal Revenue Service shall make any official advice issued more than 90 days after the date of the enactment of this Act and made available for public inspection pursuant to section 6110 of the Internal Revenue Code of 1986, as amended by this section, also available by computer telecommunications within 1 year after issuance.

SEC. 203. COLLECTION ACTIVITIES WITH RESPECT TO JOINT RETURN DISCLOSABLE TO EITHER SPOUSE BASED ON ORAL REQUEST.

(a) IN GENERAL.—Paragraph (8) of section 6103(e) (relating to disclosure of collection activities with respect to joint return) is amended by striking ''in writing'' the first place it appears.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 204. TAXPAYER REPRESENTATIVES NOT SUBJECT TO EXAMINATION ON SOLE BASIS OF REPRESENTATION OF TAXPAYERS.

(a) IN GENERAL.—Subsection (h) of section 6103 (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by adding at the end the following new paragraph:

''(7) TAXPAYER REPRESENTATIVES.—Notwithstanding paragraph (1), the return of the representative of a taxpayer whose return is being examined by an officer or employee of the Department of the Treasury shall not be open to inspection by such officer or employee on the sole basis of the representative's relationship to the taxpayer unless a supervisor of such officer or employee has approved the inspection of the return of such representative on a basis other than by reason of such relationship.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 205. DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS WHO ARE NOT PARTY TO SUCH PROCEEDINGS.

(a) IN GENERAL.—Paragraph (4) of section 6103(h) (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by adding at the end the following new subparagraph:

''(B) DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS NOT PARTY TO SUCH PROCEEDINGS.—

''(i) NOTICE.—Return or return information of any person who is not a party to a judicial or administrative proceeding described in paragraph (4) shall not be disclosed under clause (ii) or (iii) of subparagraph (A) until after the Secretary makes a reasonable effort to give notice to such person and an opportunity for such person to request the deletion of matter from such return or return information, including any of the items referred to in paragraphs (1) through (7) of section 6110(c). Such notice shall include a statement of the issue or issues the resolution of which is the reason such return or return information is sought. In the case of S corporations, partnerships, estates, and trusts, such notice shall be made at the entity level.

''(ii) DISCLOSURE LIMITED TO PERTINENT PORTION.—The only portion of a return or return information described in clause (i) which may be disclosed under subparagraph (A) is that portion of such return or return information that directly relates to the resolution of an issue in such proceeding.

''(iii) EXCEPTIONS.—Clause (i) shall not apply to—

''(I) any ex parte proceeding for obtaining a search warrant, order for entry on premises or safe deposit boxes, or similar ex parte proceeding,

''(II) disclosure of third party return information by indictment or criminal information, or

''(III) if the Secretary determines that the application of such clause would seriously impair a criminal tax investigation.''.

(b) CONFORMING AMENDMENTS.—Paragraph (4) of section 6103(h) is amended by—

(1) by striking ''PROCEEDINGS.—A return'' and inserting ''PROCEEDINGS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a return'',

(2) by redesignating subparagraphs (A), (B), (C), and (D) clauses (i), (ii), (iii), and (iv), respectively, and

(3) in the matter following clause (iv) (as so redesignated), by striking ''subparagraph (A), (B), or (C)'' and inserting ''clause (i), (ii) or (iii)'' and by moving such matter two ems to the right.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to proceedings commenced after the date of the enactment of this Act.

SEC. 206. PROHIBITION OF DISCLOSURE OF TAXPAYER IDENTIFICATION INFORMATION WITH RESPECT TO DISCLOSURE OF ACCEPTED OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Paragraph (1) of section 6103(k) (relating to disclosure of certain returns and return information for tax administrative purposes) is amended by inserting ''(other than address and TIN)'' after ''Return information''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disclosures made after the date of the enactment of this Act.

SEC. 207. COMPLIANCE BY STATE CONTRACTORS WITH CONFIDENTIALITY SAFEGUARDS.

(a) IN GENERAL.—Paragraph (8) of section 6103(p) (relating to State law requirements) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) DISCLOSURE TO CONTRACTORS.—Notwithstanding any other provision of this section, no return or return information shall be disclosed by any officer or employee of any State to any contractor of the State unless such State—

''(i) has requirements in effect which require each contractor of the State which would have access to returns or return information to provide safeguards (within the meaning of paragraph (4)) to protect the confidentiality of such returns or return information,

''(ii) agrees to conduct an annual, on-site review (mid-point review in the case of contracts of less than 1 year in duration) of each contractor to determine compliance with such requirements,

''(iii) submits the findings of the most recent review conducted under clause (ii) to the Secretary as part of the report required by paragraph (4)(E), and

''(iv) certifies to the Secretary for the most recent annual period that all contractors are in compliance with all such requirements.

The certification required by clause (iv) shall include the name and address of each contractor, a description of the contract of the contractor with the State, and the duration of such contract.''.

(b) CONFORMING AMENDMENT.—Subparagraph (C) of section 6103(p)(8), as amended by subsection (a), is amended by striking ''subparagraph (A)'' and inserting ''subparagraphs (A) and (B)''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to disclosures made after December 31, 2001.

(2) The first certification under section 6103(p)(8)(B)(iv) of the Internal Revenue Code of 1986, as added by subsection (a), shall be made with respect to calendar year 2002.

SEC. 208. HIGHER STANDARDS FOR REQUESTS FOR AND CONSENTS TO DISCLOSURE.

(a) IN GENERAL.—Subsection (c) of section 6103 (relating to disclosure of returns and return information to designee of taxpayer) is amended by adding at the end the following new paragraphs:

''(2) REQUIREMENTS FOR VALID REQUESTS AND CONSENTS.—A request for or consent to disclosure under paragraph (1) shall only be valid for purposes of this section or sections 7213, 7213A, or 7431 if—

''(A) at the time of execution, such request or consent designates a recipient of such disclosure and is dated, and

''(B) at the time such request or consent is submitted to the Secretary, the submitter of such request or consent certifies, under penalty of perjury, that such request or consent complied with subparagraph (A).

''(3) RESTRICTIONS ON PERSONS OBTAINING INFORMATION.—Any person shall, as a condition for receiving return or return information under paragraph (1)—

''(A) ensure that such return and return information is kept confidential,

''(B) use such return and return information only for the purpose for which it was requested, and

''(C) not disclose such return and return information except to accomplish the purpose for which it was requested, unless a separate consent from the taxpayer is obtained.

''(4) REQUIREMENTS FOR FORM PRESCRIBED BY SECRETARY.—For purposes of this subsection, the Secretary shall prescribe a form for requests and consents which shall—

''(A) contain a warning, prominently displayed, informing the taxpayer that the form should not be signed unless it is completed,

''(B) state that if the taxpayer believes there is an attempt to coerce him to sign an incomplete or blank form, the taxpayer should report the matter to the Treasury Inspector General for Tax Administration, and

''(C) contain the address and telephone number of the Treasury Inspector General for Tax Administration.''.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to the Congress on compliance with the designation and certification requirements applicable to requests for or consent to disclosure of returns and return information under section 6103(c) of the Internal Revenue Code of 1986, as amended by subsection (a). Such report shall—

(1) evaluate (on the basis of random sampling) whether—

(A) the amendments made by subsection (a) are achieving the purposes of this section,

(B) requesters and submitters for such disclosure are continuing to evade the purposes of this section and, if so, how, and

(C) the sanctions for violations of such requirements are adequate, and

(2) include such recommendations that the Treasury Inspector General for Tax Administration considers necessary or appropriate to better achieve the purposes of this section.

(c) CONFORMING AMENDMENT.—Section 6103(c) is amended by striking ''TAXPAYER.—The Secretary'' and inserting ''TAXPAYER.—

''(1) IN GENERAL.—The Secretary''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to requests and consents made after 3 months after the date of the enactment of this Act.

SEC. 209. NOTICE TO TAXPAYER CONCERNING ADMINISTRATIVE DETERMINATION OF BROWSING; ANNUAL REPORT.

(a) NOTICE TO TAXPAYER.—Subsection (e) of section 7431 (relating to notification of unlawful inspection and disclosure) is amended by adding at the end the following: ''The Secretary shall also notify such taxpayer if the Treasury Inspector General for Tax Administration determines that such taxpayer's return or return information was inspected or disclosed in violation of any of the provisions specified in paragraph (1), (2), or (3).''.

(b) REPORTS.—Subsection (p) of section 6103 (relating to procedure and recordkeeping), as amended by section 201(b), is further amended by adding at the end the following new paragraph:

''(10) REPORT ON UNAUTHORIZED DISCLOSURE AND INSPECTION.—As part of the report required by paragraph (3)(C) for each calendar year, the Secretary shall furnish information regarding the unauthorized disclosure and inspection of returns and return information, including the number, status, and results of—

''(A) administrative investigations,

''(B) civil lawsuits brought under section 7431 (including the amounts for which such lawsuits were settled and the amounts of damages awarded), and

''(C) criminal prosecutions.''.

(c) EFFECTIVE DATE.—

(1) NOTICE.—The amendment made by subsection (a) shall apply to determinations made after the date of the enactment of this Act.

(2) REPORTS.—The amendment made by subsection (b) shall apply to calendar years ending after the date of the enactment of this Act.

SEC. 210. DISCLOSURE OF TAXPAYER IDENTITY FOR TAX REFUND PURPOSES.

Paragraph (1) of section 6103(m) (relating to disclosure of taxpayer identity information for tax refunds) is amended by inserting '', and through any other means of mass communication,'' after ''media''.

TITLE III—OTHER REQUIREMENTS

SEC. 301. CLARIFICATION OF DEFINITION OF CHURCH TAX INQUIRY.

Subsection (i) of section 7611 (relating to section not to apply to criminal investigations, etc.) is amended by striking ''or'' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting '', or'', and by inserting after paragraph (5) the following:

''(6) information provided by the Secretary related to the standards for exemption from tax under this title and the requirements under this title relating to unrelated business taxable income.''.

SEC. 302. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after ''509(a))'' the following: ''or as a private operating foundation (as defined in section 4942(j)(3))'', and

(2) by amending subparagraph (C) to read as follows:

''(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in section 501(c) (other than paragraph (3)) which is exempt from tax under section 501(a), or''.

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking ''United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia'' and inserting the following: ''United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)),''.

(c) FAILURE OF SERVICE TO ACT ON DETERMINATIONS TREATED AS EXHAUSTION OF REMEDIES.—The second sentence of paragraph (2) of section 7428(b) (relating to exhaustion of administrative remedies) is amended to read as follows: ''An organization requesting the determination of an issue referred to in subsection (a)(1) shall be deemed to have exhausted its administrative remedies with respect to—

''(A) a failure by the Secretary to make a determination with respect to such issue at the expiration of 270 days after the date on which the request for such determination was made if the organization has taken, in a timely manner, all reasonable steps to secure such determination, and

''(B) a failure by any office of the Service (other than the office which is responsible for initial determinations with respect to such issue (hereinafter in this subparagraph referred to as the 'initial office'), to make a determination with respect to such issue at the expiration of 180 days after the date on which any request for such determination was made by the initial office if the organization has taken, in a timely manner, all reasonable steps to secure such determination.''.

(d) EFFECTIVE DATES.—

(1) DECLARATORY JUDGMENT.—The amendments made by subsections (a) and (b) shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

(2) FAILURE OF SERVICE TO ACT.—The amendments made by subsection (c) shall apply to applications received in the national office of the Internal Revenue Service after the date of the enactment of this Act.

SEC. 303. EMPLOYEE MISCONDUCT REPORT TO INCLUDE SUMMARY OF COMPLAINTS BY CATEGORY.

(a) IN GENERAL.—Clause (ii) of section 7803(d)(2)(A) is amended by inserting before the semicolon at the end the following: '', including a summary (by category) of the 10 most common complaints made and the number of such common complaints''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to reporting periods ending after the date of the enactment of this Act.

SEC. 304. INCREASE IN THRESHOLD FOR JOINT COMMITTEE REPORTS ON REFUNDS AND CREDITS.

(a) GENERAL RULE.—Subsections (a) and (b) of section 6405 are each amended by striking ''$1,000,000'' and inserting ''$2,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act, except that such amendment shall not apply with respect to any refund or credit with respect to a report that has been made before such date of the enactment under section 6405 of the Internal Revenue Code of 1986.

SEC. 305. ANNUAL REPORT ON AWARDS OF COSTS AND CERTAIN FEES IN ADMINISTRATIVE AND COURT PROCEEDINGS.

Not later than 3 months after the close of each Federal fiscal year after fiscal year 1999, the Treasury Inspector General for Tax Administration shall submit a report to Congress which specifies for such year—

(1) the number of payments made by the United States pursuant to section 7430 of the Internal Revenue Code of 1986 (relating to awarding of costs and certain fees),

(2) the amount of each such payment,

(3) an analysis of any administrative issue giving rise to such payments, and

(4) changes (if any) which will be implemented as a result of such analysis and other changes (if any) recommended by the Treasury Inspector General for Tax Administration as a result of such analysis.

SEC. 306. ANNUAL REPORT ON ABATEMENT OF PENALTIES.

Not later than 6 months after the close of each Federal fiscal year after fiscal year 1999, the Treasury Inspector General for Tax Administration shall submit a report to Congress on abatements of penalties under the Internal Revenue Code of 1986 during such year, including information on the reasons and criteria for such abatements.

SEC. 307. BETTER MEANS OF COMMUNICATING WITH TAXPAYERS.

Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to Congress evaluating whether technological advances, such as e-mail and facsimile transmission, permit the use of alternative means for the Internal Revenue Service to communicate with taxpayers.

SEC. 308. EXPLANATION OF STATUTE OF LIMITATIONS AND CONSEQUENCES OF FAILURE TO FILE.

The Secretary of the Treasury or the Secretary's delegate shall, as soon as practicable but not later than 180 days after the date of the enactment of this Act, revise the statement required by section 6227 of the Omnibus Taxpayer Bill of Rights (Internal Revenue Service Publication No. 1), and any instructions booklet accompanying a general income tax return form for taxable years beginning in 2000 and later (including forms 1040, 1040A, 1040EZ, and any similar or successor forms relating thereto), to provide for an explanation of—

(1) the limitations imposed by section 6511 of the Internal Revenue Code of 1986 on credits and refunds, and

(2) the consequences under such section 6511 of the failure to file a return of tax.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. ARCHER) and the gentleman from Pennsylvania (Mr. COYNE) will each control 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

□ 1430

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include extraneous material, on H.R. 4163.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, while some might find it surprising, I still do my own taxes. Often people ask me why, and the answer is easy. I think that as chairman of the Committee on Ways and Means I should understand fully all of the difficulties, all of the headaches, all of the confusion, that Americans face in dealing with our complicated tax system.

Over the past 5 years, we have cut taxes and we have tried to simplify the code. Clearly, one of the greatest simplifications is the elimination of taxes on home sales. Now one does not have to bring a shoe box full of receipts to their tax preparer when they sell their home. Yet the Tax Code is still too complicated and confusing, and we eventually need to get the IRS out of the lives of individual Americans.

In the meantime, we should be sure that the current system treats taxpayers fairly while protecting their rights and privacy. That is why we are here today, to begin work on a new taxpayer bill of rights.

This Taxpayer Bill of Rights 2000 builds on the IRS Reform Act which we passed in 1998, which by the way was the first reform of the IRS since 1952. Our new plan will help taxpayers even further to protect taxpayer privacy, level the playing field between taxpayers and the IRS, and take at least some small steps to help simplify the process of paying taxes.

While taxpayer rights are important, we also believe taxes should be lower. Federal taxes, as a percentage of GDP, are the highest since World War II. So we want to fix the marriage tax penalty, help families save for education, and bury the death tax.

We also passed incentives for health research, long-term care, adoption, small businesses and many, many other worthwhile activities; but we are not through yet.

Today I am pleased that my Democratic colleagues have joined with us to make this a bipartisan taxpayer bill of rights, and I commend the gentleman from New York (Mr. HOUGHTON) of the Subcommittee on Oversight, the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Arizona (Mr. HAYWORTH) for putting this package together on our side, as well as the gentleman from New York (Mr. RANGEL), the gentleman from Pennsylvania (Mr. COYNE) and others for joining with us on the other side.

As the old saying goes, there is nothing certain but death and taxes. We cannot do anything about death but we can and should make taxes as fair and easy as possible, and I urge my colleagues to join together and pass this important taxpayer friendly legislation.

Mr. Speaker, I ask unanimous consent to now yield the balance of my time to the gentleman from New York (Mr. HOUGHTON), the chairman of the Subcommittee on Oversight, and that he be permitted to yield blocks of time.

The SPEAKER pro tempore (Mr. OSE). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COYNE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support H.R. 4163, the measure that is before us today. I would like to commend the chairman of the Subcommittee on Oversight, the gentleman from New York (Mr. HOUGHTON), for developing this bipartisan measure that we will be voting on very shortly.

As the ranking member of the subcommittee, I can say that the review of pro-taxpayer proposals by the Joint Committee on Taxation, the Internal Revenue Service's taxpayer advocate, and Treasury proposals was well worth our while.

The bill before us today will help taxpayers nationwide. The bill changes two current failure to pay tax penalty provisions for individual taxpayers. The bill allows the IRS to abate interest in cases that the IRS taxpayer advocate advised us that the IRS made a mistake. Too many taxpayers believe that they paid their taxes only to find out that the IRS calculated the final balance due incorrectly. Taxpayers deserve relief from interest charges in these particular situations.

The bill also addresses situations where the IRS has caused an unreasonable delay or where abatement would prevent gross injustice. This legislation also allows the Congress to obtain more and better information about the IRS to ensure more effective agency and congressional oversight. This bill will make the IRS more accountable by requiring the Treasury Inspector General for Tax Administration to report to the Congress on the reasons for penalty abatements and awards of attorneys' fees.

The Taxpayer Bill of Rights of 2000 will give us better insight into how the IRS is working 2 years after we passed the IRS Reform and Restructuring Act of 1998. The American people expect that we will continue to work to enhance the fairness of the Tax Code. They also expect to make it easier for people to file and pay their taxes on an annual basis.

At this time I would like to recognize the hard working men and women of the Internal Revenue Service and commend them for the work that they do sometimes under very, very difficult circumstances.

The Taxpayer Bill of Rights of 2000 is a direct response to the enactment of IRS reforms in 1998. It represents timely follow-up of our oversight responsibilities. Unlike the proposals before the Committee on Ways and Means this week, the taxpayer bill of rights is a serious proposal that will be signed into law.

I urge my colleagues to support this bill and continue our efforts to make our tax system more equitable.

Mr. Speaker, I reserve the balance of my time.

Mr. HOUGHTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would, first of all, like to thank the gentleman from Pennsylvania (Mr. COYNE). It has been wonderful to work with the gentleman from Pennsylvania (Mr. COYNE) and also the Members of the Democratic group.

As Peter Druker has always said that all great ideas ultimately degenerate into work, and as a result I would like to thank Mac McKenney on our side, Hugh Hatcher, and Beth Vance. They have done a wonderful job, but particularly the gentleman from Pennsylvania (Mr. COYNE). It has been wonderful to work with him.

Also I would like to thank my associates, the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Arizona (Mr. HAYWORTH) who will be speaking and also the gentleman from New York (Mr. RANGEL) who is the full committee ranking Democrat.

Now I am not going to review the bill's 25 provisions. That would take too long. Instead, let me give some examples of what this bill would do.

I would like to describe some of the stories we have heard at the Subcommittee on Oversight, and I want to explain what some of these provisions mean to real taxpayers. The National Taxpayer Advocate told us that the IRS erroneously refunded $59,000 to a particular taxpayer. This is the story. The taxpayer sent the check back to the IRS. The IRS sent the check back to the taxpayer. The taxpayer then returned the check a second time and then the IRS manually refunded the money. The taxpayer deposited the money in the bank until the problem could be solved. When the matter was resolved and the taxpayer returned the money, the IRS required the taxpayer to pay interest.

What kind of sense does that make? And so on and so forth.

Under current law, really the problem is the IRS has no authority. There is no law to help it, to abate interest in such a case. So the problem is not the men and women who work very hard, as the gentleman from Pennsylvania (Mr. COYNE) referred to earlier, for the IRS. The problem is the law. The bill requires instant abatement in taxes like this one.

The National Association of Enrolled Agents told us about a taxpayer, here is another story, who went to work for low wages in 1989. The company failed to withhold taxes during the year and at the end of the year the taxpayer was given a form 1099 miscellaneous and he could not pay his taxes. He now owes $17,000; $1,600 in penalties and $9,000 in interest, if one can believe it.

So under this bill, our bill, the failure to pay penalty will be repealed for taxpayers who enter into the installing agreement with the IRS and interest can be waived if a gross injustice would result. Unfortunately, of course, this bill comes too late for our particular taxpayer who I mentioned earlier, but it will help others, we hope, who find themselves in a similar situation.

The Taxpayer Advocate also told us of another taxpayer who discovered that his partners were defrauding the government. The taxpayer helped the IRS in securing a conviction. In 1990, the taxpayer asked the IRS how much he owed in taxes. The IRS said the information was not yet available and told the taxpayer to wait for a bill. So in 1997, 7 years later, the taxpayer received that bill. It was for $113,000. The taxpayer paid the $113,000 in 1998, but the taxpayer received another bill for $115,000 in interest.

See, it does not make any sense at all. Once again, the problem is not the Internal Revenue Service. The problem is the law and that is what we are intending to change. Our bill will allow the taxpayers who find themselves in such a predicament to stop the running of interest by making a deposit in a dispute reserve account. Amounts deposited in escrow could be withdrawn with interest or used to satisfy an underpayment of tax. Any taxpayer in the dispute with the IRS could choose to put the money in the dispute reserve account to stop the running of interest; very important.

So, Mr. Speaker, the Taxpayer Bill of Rights 2000 will do several things. It will reform the penalties and interests. It will strengthen the taxpayer privacy, very important condition. It will reduce the compliance burden and, lastly, level the field between the IRS and taxpayers. It will literally help millions of taxpayers. That is our hope.

Now this is an important first step, and it is a first step. There are needed reforms, but we also need to simplify the Tax Code. Many of these provisions would be unnecessary if the Tax Code was less confusing. So I look forward to working with my colleagues on tax simplification, and I am pleased to join my colleagues from the Committee on Ways and Means, Republicans and Democrats, in bringing this needed bill before the House, and I urge my colleagues to support its adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. COYNE. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT), who has a very important proposal relative to a financial disclosure amendment that he would like to discuss.

Mr. DOGGETT. Mr. Speaker, this is a good bill. I support it. I am a cosponsor of it. I think we need more taxpayer rights, but this afternoon's debate is a strange one. Last week at the scheduling colloquy, the Republican leadership announced that we would have full and open debate on the question of taxpayer rights so that any Member could come forward with their ideas about how we might expand those rights. Today we do not have that opportunity because Republicans discovered one amendment that I have been offering, of which they were very fearful. This amendment addresses the right of taxpayers to know, specifically to know about taxpayer-subsidized, nonprofit political bank accounts that can keep their contributors unknown to the public and can spew out unlimited amounts of hate on the airwaves while they take hidden money. This is the so-called section 527, the new Swiss bank account for politicians this year.

The Republican leadership was so very scared that their members would have to vote out here on the floor today against public disclosure that they terminated the debate. They have now limited us to 20 minutes to a side and prohibited any member from offering any amendment on any subject. Regarding these 527 organizations, I stood with JOHN MCCAIN on Friday, just outside this Capitol, and he said ''527 organizations are the latest manifestation of corruption in American politics.''

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The gentleman will suspend. Under c1. 1 of Rule XVII, the gentleman may not quote senators.

PARLIAMENTARY INQUIRY

Mr. DOGGETT. Mr. Speaker, I would make a parliamentary inquiry. The gentleman may quote any American citizen. I did not refer to any Senator. I referred to JOHN MCCAIN, a presidential candidate, and I would ask at this point, Mr. Speaker, if in fact it is not appropriate to quote other American citizens on the floor, particularly when they speak out as eloquently as Mr. JOHN MCCAIN of Arizona did on this question of corruption of American politics by 527 political organizations.

The SPEAKER pro tempore. The Chair would advise the gentleman that the weight of recent precedent and the purposes of the rule prohibit references to speeches or statements of senators occurring outside the Senate Chamber.

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Mr. DOGGETT. Mr. Speaker, just so that I am clear, then, and so that I will be able to urge the same point in the future, any reference to a member of the Senate, even though the title Senator is not mentioned, and even though the comments, instead of being on the floor of the Senate, were outside of the Capitol building with Common Cause as they released their ''stealth-PAC'' report against these 527 organizations, I may not utter the name JOHN MCCAIN or that of any other member of the Senate on the floor, even though they speak in a private capacity.

The SPEAKER pro tempore (Mr. OSE). The Chair would advise the gentleman from Texas that, for the purposes of comity on the floor of the House, that the precedent states that the personal views of the Senator not uttered in the Senate are not allowed to be quoted in the House.

The weight of recent precedent and the purposes of the rule prohibit references to speeches or statements of Senators occurring outside the Senate Chamber, and the reference to Senator MCCAIN, who is clearly a member of the Senate, falls within that purview.

Mr. DOGGETT. So that the Chair is instructing me I may not mention the name ''JOHN MCCAIN'' on the floor of the House, Mr. Speaker. Is this not an exception? I could understand why some might not want it mentioned.

The SPEAKER pro tempore. The Chair would advise the gentleman that, to the extent the quotations of the Senator are occurring outside the Senate Chamber, then it does not come under any of the exceptions to clause 1 of rule XVII.

Mr. DOGGETT. Does a statement that JOHN MCCAIN as a citizen makes outside the Capitol with Common Cause at a press conference to point out the evils of these stealth PACs fall under one of these exceptions or not?

The SPEAKER pro tempore. That does not come under the exception of clause 1 of rule XVII.

Mr. DOGGETT. I am pleased to be informed, though I consider it a strange ruling, Mr. Speaker.

A great American hero from Arizona has said that section 527 organizations are ''the latest manifestation of corruption in American politics.'' Yet this House Republican leadership refuses to let this House deal with this issue today because they are afraid to give taxpayers the right to force groups like this ''Shape the Debate'' group, shown on this poster, to disclose who gave them their dirty money. It could come from China or any foreign source. It could come from a homegrown special-interest group.

This is wrong. Taxpayers should have the right to know about all of this. They are being denied that right to learn who is corrupting the American political system through these 527 political organizations. I do not believe it helps people of either party. I do think it cuts to the heart of our American democracy.

Mr. HOUGHTON. Mr. Speaker, I yield 3½ minutes to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from New York, the subcommittee chairman, for yielding me the time.

I will admit the fact that the gentleman from Texas comes to the floor, taking what is a positive piece of legislation, and tearing it asunder, because if there is genuine concern on the part

of those who represent all 435 districts in this House about campaign finance abuses, Mr. Speaker, the first place we should look is down at the other end of Pennsylvania Avenue.

The gentleman from Texas (Mr. DOGGETT) just mentioned China. It is a sad fact that the President of the United States, on numerous occasions, sought the help of the Chinese Communists in his reelection campaign. It is a sadder fact that the presumptive nominee of the Democratic Party was active in soliciting funds from the Chinese Government.

I would just ask Members of this body, if we want to have a real political donnybrook and tug-of-war, we can do that. Never mind the recent amnesia about the fact that every tax bill debate here comes under a closed rule. So we debate the merits of the tax bill.

If my friends were interested in genuine reform, how curious it is that no action was taken in the Committee on Government Reform, the gentleman from Indiana (Mr. BURTON) in the chair. How curious it is that no one reached out to a Member of this body on the committee of jurisdiction, allegedly. I received no communication from the gentleman from Texas (Mr. DOGGETT) to take up this alleged reform. But how much more important it would be to do the substantive work to help people.

Mr. DOGGETT. Mr. Speaker, will the gentleman yield?

Mr. HAYWORTH. No, I will not yield.

Mr. DOGGETT. Well, I can understand that.

Mr. HAYWORTH. Mr. Speaker, it is fascinating to me to watch how the people's work is set aside. I understand the political principle at work. Why go on the defensive? Always be on the offense. Always be involved in misdirection. I guess if I had to defend the legacy of shame that has been brought and heaped upon this country by those who willingly, knowingly took campaign donations from the Communist Chinese, then I guess I would scramble and profess shock and dismay about the current campaign finance structure.

Mr. Chairman, I have said it before; I will say it again: for this crowd to stand in this Chamber and lecture us and the American people on campaign finance reform is akin to Bonnie and Clyde, at the height of their crime spree, holding a press conference to call for tougher penalties on bank robbery.

It is sad. It is despicable. The true search for truth would demand that we look at those who would willingly solicit campaign donations from foreign powers.

Mr. COYNE. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Massachusetts (Mr. NEAL).

Mr. DOGGETT. Mr. Speaker, since the gentleman from Arizona (Mr. HAYWORTH) would not yield, will the gentleman from Massachusetts yield to me?

Mr. NEAL of Massachusetts. I yield to the gentleman from Texas.

Mr. DOGGETT. Mr. Speaker, the gentleman from Massachusetts is aware, is he not, that during the Committee on Ways and Means last week, before the Committee on Ways and Means convened, then again on Friday after the Committee on Ways and Means, I invited the gentleman from Arizona (Mr. HAYWORTH) and every Member of the Republican leadership and Members of this House to join to make this a truly bipartisan effort to clean up what one great Arizonan has said is ''a manifestation of corruption in American politics''?

Mr. NEAL of Massachusetts. Mr. Speaker, as shocking as it is, I have to agree with the gentleman from Texas (Mr. DOGGETT). He is right on target.

Mr. Speaker, the gentleman from Arizona (Mr. HAYWORTH) who took to the well here, he mentioned a couple of terms to describe the current American campaign finance system. Those people sitting up there in the Chamber, they know that the only word that he said that was accurate was despicable.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. References to visitors in the gallery are inappropriate according to the rules of the House.

Mr. NEAL of Massachusetts. Mr. Speaker, there are some visitors in this Chamber as well as Members who would describe the current campaign finance system as being despicable. I think that there is general agreement across the Nation today that that is the case.

This legislation as proposed, does indeed make some modest improvements in interest and penalty provisions of the Tax Code, and it ought to be supported by the House. These improvements, however, are overshadowed, unfortunately, by the Suspension Calendar that prevents Democrats from offering a germane amendment. This amendment would have been offered by the gentleman from Texas (Mr. DOGGETT). It would require the public disclosure of contributions to and expenditures by section 527 political committees.

These committees are increasingly being used to circumvent the public's right to know who is trying to influence elections in this Nation. They are like an underground economy and are increasingly being formed because they exist in the shadows and get around normal election rules that apply to everyone else.

All the gentleman from Texas (Mr. DOGGETT) wants to do is to apply some antiseptic to these committees. He does not challenge their right to exist. He merely wants them to respect the public's right to know. Disclosure, I thought, was the Republican mantra for campaign finance reform. Now we find out that, for many, it is simply a position that they take.

Mr. Speaker, too little public information exists on these organizations. They seem to be growing dramatically to support the election efforts of the other side. But they are also in support of some Democrats. The truth is we do not really know, and that is why we should move ahead with disclosure right now without delay.

We are going to overwhelmingly pass this modest bill and leave the only significant reform behind. That is too bad, but given the fact that the three days of hearings on tax reform and the other three tax bills on the floor this week exist only for political purposes, I guess at this moment it is the best that we can expect.

Mr. HOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. PORTMAN).

Mr. PORTMAN. Mr. Speaker, I thank the gentleman from New York (Chairman HOUGHTON) for yielding me this time and for his leadership on this package.

I hate to disappoint the crowd who has gathered here, but I am going to talk about taxpayer rights and not campaign finance reform. As someone who has worked for the last 7 years on IRS reform with the gentleman from Pennsylvania (Mr. COYNE) and with others, I think this is something that we ought to focus on, which is expanding taxpayer rights.

I think this campaign finance discussion, while interesting, is an entirely different subject that ought not to be part of this bill. I think it is incorrect to say that tax bills come up on this floor under an open rule or anybody can offer an amendment. It has never happened in the 7 years that I have served.

I think that the legislation that the gentleman from Texas (Mr. DOGGETT) is talking about is not ready as compared to this legislation, which is carefully considered, the result of numerous reports, including from the Joint Committee on Taxation, including from the IRS, the Taxpayer Advocate.

I think, in fact, that we ought to wait for the Treasury Department's report on this very topic, which is, incidentally, already late, overdue, under the law. It was supposed to already be here; it is not here yet. I think at the very least my friends on the other side of the aisle would want to wait until the Clinton administration Treasury Department comes up with its recommendations on this topic.

Again, I hate to disappoint folks, but rather than killing these important taxpayer rights provisions with a partisan poison pill on 527, a campaign finance issue, rather than focusing on that, I would like to focus on what we are doing together on a bipartisan

basis to continue the effort to reform the IRS and make our tax system work better.

Again, I want to thank the gentleman from New York (Chairman HOUGHTON) for his work in this regard; the gentleman from Arizona (Mr. HAYWORTH), who was here earlier who worked on the taxpayer rights; the gentleman from Pennsylvania (Mr. COYNE); and others who put together this legislation that we are considering.

The gentleman from New York (Chairman HOUGHTON) has touched on a lot of the key provisions. Let me just talk about how this came about because I think it is important for the House to understand where we are and why we are here.

Two years ago, after 2 years of work, this Congress passed the historic IRS Restructuring and Reform Act. It did a lot of things. But it was based on a year-long, bipartisan national commission on restructuring the IRS. It was the most dramatic overhall of the IRS since 1952, long overdue.

Yes, among other things, we dramatically improved taxpayer rights. We added over 50 new taxpayer rights. We affected over 70 taxpayer rights, changing them to make the IRS work better for the taxpayer.

The long-term goal of these reforms is that, within a period of time, we think 3 to 5 years, we will have an IRS that actually offers every taxpayer the level of service, efficiency, and respect that they deserve and that approaches the private sector customer service standards. It is a daunting task.

But by our action today, if we can approve these taxpayer rights and keep to this topic and move this forward, we will actually be continuing our efforts, which are encouraging and bipartisan, to truly have a new IRS and new taxpayer system.

One of the taxpayers rights that we changed, for instance, 2 years ago was shifting the burden of proof. So now when one goes to tax court, rather than having the burden of proof be on one as a taxpayer, it is on the IRS, as it should be, as it is in the criminal justice system, as it is in other forums.

We also do not allow the IRS to seize one's homes and properties anymore unless they are subject to judicial reviews. We also allow taxpayers to seek damages from the IRS for wrongful collection actions.

These are very significant reforms, again, that this Congress put forward after a lot of work over a 2-year period as part of last year's, or 2 years ago, through the Structuring and Reform Act.

Finally, it did two very important things with regard to taxpayer rights for the future. It required that the Taxpayer Advocate issue a report and made the Taxpayer Advocate independent enough to be able to issue a bona fide report on problems taxpayers face, to encourage more taxpayer rights.

What are we talking about today? We are talking about provisions that come from that Taxpayer Advocate's report, which was reported on earlier this year. Second, we required that the Joint Committee on Taxation conduct studies on two issues: one is interest and penalties, a very complex, difficult issue for the IRS and for many taxpayers.

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And, second, on taxpayer privacy, such as the disclosure of tax return information.

Two good Joint Tax Committee reports underlie what we are doing today. In fact, a number of our provisions come straight out of those Joint Tax Committee reports that were mandated under the Restructuring and Reform Act.

Again, these are common sense proposals that are the natural next step in our ongoing effort to create a better tax system and to truly reform the IRS. I hope we will keep our focus on that this afternoon.

The gentleman from New York (Mr. HOUGHTON) again has talked about some of these provisions, and I will just touch on a couple.

One, it does expand privacy with regard to taxpayers. Very important.

We provide more protection against computer hackers gaining access to your and my taxpayer records. We require the IRS to notify taxpayers immediately if taxpayer information has been obtained illegally.

We increase tax fairness in a number of ways, including improving notification of undelivered refund checks.

For taxpayers who pay estimated taxes, we increase the estimated tax threshold providing more of a buffer, doubling it from $1,000 to $2,000.

We have very important provisions that enable taxpayers to stop the escalation of interest charges that build up and up and up during disputes with the IRS and taxpayers. We encourage taxpayers and, by the way, we drafted this provision to get into installment agreements with the IRS to resolve their issues.

These are important provisions. And, Mr. Speaker, I would just say finally that this is a carefully considered, thoughtful package, and I hope all my colleagues will support it.

Mr. COYNE. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. LEWIS).

Mr. LEWIS of Georgia. Mr. Speaker, I want to thank the gentleman from Pennsylvania (Mr. COYNE) for yielding me this time. I rise today in support of the amendment of the gentleman from Texas (Mr. DOGGETT) that the Republicans voted down in committee and blocked from being offered to the Taxpayers' Bill of Rights today.

Every person in America realizes the importance and the necessity of fixing our system of financing elections. This amendment is an important step toward campaign finance reform. It will close another loophole in the financial disclosure laws. It would clean up the mess created by section 527 political organizations.

These organizations can take unlimited money from almost any source, even foreign money, and make expenditures without any disclosure to anyone. It is a sham, it is a shame, and it is a disgrace.

The American people deserve better. Much better. The amendment requires simple disclosure by these organizations. The American people have a right to know. They have a right to know who is funding political campaigns in our country. They have a right to know who is behind the attack ads.

The American people have a right to a free and fair election process. We need to end the pollution of the political process in our country. There is already too much money in the political process. There is no room for secrecy.

Mr. Speaker, I am very disappointed that the Doggett amendment will not be included in this bill. We need to fix the mess and we need to fix it now. I urge all of my colleagues to vote for the Doggett amendment when it finally comes up for a vote on the House floor.

Mr. COYNE. Mr. Speaker, I yield 1 minute to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, I rise today to express my frustration with the fact that while this bill itself is worthy, an essential amendment was denied a hearing today, the amendment by my friend, the gentleman from Texas (Mr. DOGGETT).

For months, actually for years, we have heard the solution to campaign finance reform is disclosure. Yet when the gentleman from Texas (Mr. DOGGETT) introduces an amendment calling on disclosure of 527 funds, that amendment is denied consideration.

If we asked the American people a couple of questions, although I think we know the answers, if we asked them, Do you think your representatives should spend more time on the phone or more time with constituents?, they would say more time with constituents. If we asked them, Do you think there should be unlimited, untraceable, unreported donations from whoever chooses?, the American people would say that is wrong.

When we talk about a Taxpayers' Bill of Rights, my colleagues, it is a right of the taxpayers to know where this money is coming from that is influencing our political process, and this amendment should have been ruled in order.

No organization which is granted section 527 status should be allowed to

hide their list of donors or be less than forthright when it comes to telling citizens how they are spending their money. If these 527 organizations have the right and ability to influence campaigns, the people have a right to know where the money comes from.

We need to address this issue and address it now.

Mr. Speaker, I rise today to express my frustration with the fact that this important measure has been relegated to the suspension calendar rather than being given a chance to have a full and open debate.

I am dismayed that the House Leadership continues to oppose any and all types of substantive campaign finance reform. They fought tooth and nail to keep the bipartisan Shays-Meehan legislation from coming to the House floor. They have resisted time and time again giving this debate the attention it deserves, maintaining that the American people don't care about this issue.

They are simply wrong. If we ask American voters a couple of questions, we know the answers: Do you want your elected representatives to spend more time on the phone begging for dollars or more time with their constituents and studying issues? Do you want unlimited amounts of external money from untraceable sources to influence the outcome of your election or do you want the character, knowledge and ability of the candidates in competition to influence the outcome of the election? Do you want the legislative process to be skewed by big dollars or to be determined by the merits of the policy arguments?

So why did the Rules Committee make out of order a sound amendment from my good friend from Texas, LLOYD DOGGETT, that would go a long way to making "527 Stealth PAC organizations" more accountable to the American people?

Absolutely no organization which is granted "Section 527" status should be allowed to hide their list of donors, or be less than forthright when it comes to telling citizens how it is spending their money to influence the political process. If these "Section 527" organizations have the right and the ability to influence campaigns, then the American people have a right to know where the money is coming from and how that money is being spent.

I want to be clear—I do not oppose the provisions of this bill; I don't have problems with the content of the bill. What I do have problems with is the tactical maneuvers surrounding today's action. What we're doing today is simply wrong and I urge the Members of this body to give this measure a sufficient amount of time for floor debate.

Mr. COYNE. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Mrs. CAPPS).

Mrs. CAPPS. Mr. Speaker, I support this bill to give taxpayers more rights when dealing with the IRS, but taxpayers should also be protected from shady political organizations. This would be a better bill if it included the Doggett amendment on so-called 527 groups.

These are tax-exempt political organizations trying to influence elections. They spend millions of dollars on negative ads, direct mail campaigns, and phone banks. Where do they get their money? From the shadows.

527 groups do not have to disclose how much money they raise or where their money comes from. Voters do not know then who is behind the 30-second TV ads trashing their candidates. There is absolutely no accountability, and the American taxpayer is footing the bill.

There is an old saying, Sunshine is the best disinfectant. The Doggett amendment would bring a little sunshine into this shadowy corner of politics.

As tax day approaches, Mr. Speaker, I urge the House leadership to let us vote on the Doggett amendment so we can give the American taxpayer and the American voter the break they deserve.

Mr. HOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. MCINNIS).

Mr. MCINNIS. Mr. Speaker, I am a little frustrated as well as the other side in listening to some of my colleagues.

The gentleman, with his amendment, is simply trying to divert from the fact that taxpayers have rights in this country. I think the gentleman ought to focus his energy on helping the taxpayer out there. Instead, what we saw in committee over there and what we are seeing now, is that this gentleman is trying to focus attention away from the taxpayers of this country who are demanding some attention from the IRS, as far as the rights they should be entitled to, and he is trying to move it into the trial lawyers' circle. He is trying to move it into the circle of campaign reform.

How interesting all of a sudden that this gentleman steps forward and starts talking about campaign reform. I urge the gentleman to step forward and start talking about taxpayer rights. I urge the gentleman to take a look at the taxpayers of this country and not to raise their taxes, but to give these taxpayers fair notice. Put them on an even playing field with the government.

What is happening here is simply a diversion, and that is all there is to it. It is very easy to see what is occurring here, but it grabs lots of attention. Let us get on the floor and let us draw away as much as we can attention from the needs of the taxpayer and let us talk about this theoretical campaign reform.

And by the way I would be very interested to see the gentleman's entire package and see what it does with the trial attorneys' association. I would be very interested to see the gentleman's package and what it does with the labor unions. I would be very interested to see the disclosures the gentleman himself has filed in regards to his campaign expenditures.

That is not the issue we are here for today. The issue that we are dealing with here today are taxpayers' rights. My colleagues, the burden on the taxpayers is the heaviest it has been since World War II. There are a lot of working men and women out there who deserve to have rights when they deal with the government.

There are a lot of new people in this new generation, I had a small class of them in my office the other day, young people who, for the first time, have taken summer jobs, and they are asking me what do these taxes go for.

I urge the gentleman to withdraw his amendment. Do not put this amendment forward. Put the energy where it needs to be, and that is with the taxpayers of this country.

Mr. COYNE. Mr. Speaker, may I inquire as to the time remaining on each side?

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Pennsylvania (Mr. COYNE) has 8½ minutes remaining, and the gentleman from New York (Mr. HOUGHTON) has 2 minutes remaining.

Mr. COYNE. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. HOLT).

Mr. HOLT. Mr. Speaker, I thank the gentleman for yielding me this time.

What we are talking about with the amendment here is getting at the heart of our democracy, of our form of government. Of course we are interested in taxpayer rights, and I support the underlying bill, but the Doggett amendment should be in order.

We are talking about transparency. The 527 organizations seek to influence elections under the cloak of secrecy. And I can tell my colleagues, Mr. Speaker, that we have not seen the worst. The worst is yet to come.

I hope that this House will see fit to adopt the Doggett amendment.

Mr. DOGGETT. Mr. Speaker, will the gentleman yield?

Mr. HOLT. I yield to the gentleman from Texas.

Mr. DOGGETT. The gentleman is aware that with this measure we are asking the 527s to do the same thing that trial lawyers and labor unions, myself, yourself, and every candidate already does. That is all this bill does; is that correct?

Mr. HOLT. That is absolutely correct.

Mr. DOGGETT. So the last speaker was totally out of order in his suggestion that we were avoiding taxpayer rights, because what we are involved with is giving all American taxpayers a new right, the right to know what these phony organizations do that taxpayers are forced to subsidize—where they get their money, just as they already can learn about the gentleman, myself, or any other candidate for federal office.

Mr. HOLT. The gentleman is correct.

Mr. COYNE. Mr. Speaker, I yield 2 minutes to the gentleman from Washington (Mr. MCDERMOTT).

Mr. MCDERMOTT. Mr. Speaker, I watched the distinguished Member from Colorado and I saw he was lathered up here, and I was really beginning to be fearful for his mental health, watching him go on. He did not seem to understand what political contributions have to do with the Tax Code.

Now, I want to explain something to him. Most Members who get elected have to raise a lot of money. A lot of money has to be raised, and they get it from all these corporations who want something to happen in these hallowed halls. They do not give that money for no reason at all. If they cannot get it from the Member, then they cannot get their message across. So they form up these 527 organizations. They have unlimited amounts of money. They can take money from anywhere in the world, and nobody will ever know where it came from.

So if the gentleman is worried about the taxpayers of this country and he is not worried about what it is that changes the tax structure and who gets the breaks around here, the gentleman ought to go down to K Street and take a little look around. Those offices down there are paid for by the same people who have the 527 organizations who want the tax structure to work for them.

And if the gentleman is worried about taxpayers, he ought to worry about what happens when these organizations can pour unlimited money into the airwaves to assault the Congress with these ads, and the public, about the way things are going.

Now, everybody says there is this terrible problem with all this money in politics. And, as a matter of fact, I read here what Fred Werthheimer, who used to be the head of Common Cause said. ''We have an elected official with power and influence and the ability to do favors for undisclosed donors.'' Undisclosed donors.

Everybody says they want an open book. Then they ought to vote for the amendment of the gentleman from Texas (Mr. DOGGETT).

Mr. COYNE. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, being, myself, a cosponsor of this Taxpayer Bill of Rights, I like the bill we have, but I believe we could make it much better with the amendment that I sought to offer. And so does the Joint Committee on Taxation, which happens to be chaired by a Republican Member, the chairman of the House Committee on Ways and Means. That Joint Committee, this January, called for disclosure of these 527 organizations. And what has the House Committee on Ways and Means or this House as a whole done about it until now? Absolutely nothing. Until I offered this amendment in the committee, once again, Republicans were going to sit on their hands to oppose reform.

I just want the American people to know that when they turn on their television set and they begin seeing one attack ad after another, probably from both sides, spewing out hate and misrepresenting someone, that today it was the House Republican leadership that blessed that kind of conduct, because they have denied us an opportunity to at least learn, when the attack ads hit the airwaves, who the attackers are.

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As to the phoney claim made today that there is a need to find out more about this or that other organization, all we are trying to do is to apply the same standards to these 527 organizations that already apply to every Member of Congress, Republican and Democrat, with reference to their individual campaigns.

I think that the American taxpayers who are subsidizing these organizations, American taxpayers who are filling out their own tax forms right now, should know that these 527 organizations usually get away tax free. They are subsidized by the hard-working men and women of America. And one of these groups is called ''Shape the Debate.''

My colleagues can pull up that Web page right now, and they will see an advertisement on it to promote more hate ads. It calls for the giving of unlimited amounts of contributions. It says they can be from any source. And I might note that that source, while it can be a corporate treasury written right out of the corporate treasury, it could also be China or Iraq or Cuba or any other country because it is all hidden money.

Just focusing on this as one example, which any American can pull up on the World Wide Web right now, you will find an effort to solicit just that kind of money, unlimited amounts of money that can come directly from a corporate treasury. And what do they go on to promise those who give? Well, these contributions, they tell us, ''are not reported to the Federal Election Commission or any State agency, and they do not count against contribution limits.'' The whole idea is nobody will know.

This Republican Party has become so wed to secret money funding. Within the last week we have heard reports of a million-dollar contribution, a million dollars of undisclosed money from one source we have heard. They can spend it on a townhouse. They can spend it on a truck. They can spend it on sky boxes. Or they can spend it on hate ads. And that is what these 527 organizations do, they spew out hate.

And they want to be able to continue to operate under some pleasant-sounding name like ''Americans for Better Government,'' when, in fact, the money that they are using is from some special-interest group that wants to control the agenda of Congress.

Let me give my colleagues another example of the kind of organization that Republicans are protecting. Many of us have heard from our seniors that they ought not to be having to pay twice as much as the most favored customers of pharmaceutical companies on purchases of their prescription drugs. And so now we have some group out there called ''Citizens for Better Medicare.'' It is a 527 organization just like ''Shape the Debate.''

''Citizens for Better Medicare'' can go around and attack all of us who want to end the price discrimination against our seniors on prescription drugs and claim they are on the side of the seniors. And who is funding that organization? Well, we will never know from the IRS. We will never know from the disclosure reports like I and every other Member of Congress must file. But what we have learned, in fact, is it is the pharmaceutical companies themselves fighting to protect the discrimination they want to continue against our seniors.

Mr. COYNE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a very important and appropriate follow-up, the legislation that we are discussing here today, of the oversight subcommittee's work in the early 1990s under the leadership of Congressman Jake Pickle. The work that the gentleman from New York (Mr. HOUGHTON) has done on this legislation and other members of the subcommittee, I think, warrants us voting for this in overwhelming proportions, and I hope that it passes. It is a good piece of legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. HOUGHTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from Pennsylvania (Mr. COYNE) for his comments.

I am really disappointed that this thing has gone down into sort of the political pits where one party is accusing the other party. That was not the essence of what we were trying to do. We were trying do this on a bipartisan basis, the gentleman from Pennsylvania (Mr. COYNE), myself, the gentleman from Texas (Mr. ARCHER), and the gentleman from New York (Mr. RANGEL). That was the essence of it.

Every member of the Committee on Ways and Means has a bill he or she would like to add to this. But I have always felt, particularly now, we owe it to the taxpayers of this country to approve the taxpayer rights package and

save any campaign finance debate for another forum.

I really feel this, and I feel it not only as a Republican but also as a Member of this Chamber and really in a bipartisan mode. That is the important thing that we do now.

Mr. PELOSI. Mr. Speaker, I support Representative DOGGETT's proposal to require political organizations operating under Section 527 of the Tax Code to file publicly-disclosed reports with the IRS that include the names of contributors and expenditures. These Section 527 political operations have gained too much political influence and can swing elections without any public monitoring or oversight. I am disappointed the House Republican leadership did not allow this amendment to be offered today on the House floor.

Recently, the Republican led House Ways and Means Committee voted 21 to 15 on party lines to defeat Representative LLOYD DOGGETT's initiative to close this existing loophole in U.S. campaign finance disclosure laws that is enabling an expanding number of organizations to channel tens of millions of dollars into political campaigns. While DOGGETT's initiative would not impose any limits on use of funds, it would require greater disclosure to illuminate the motivation and sponsor of political attacks and help the implied targets of such attacks identify their attackers.

At present, political organizations operating under Section 527 can operate without disclosing who they are and collect unlimited contributions without paying tax on the funds. As long as their activities are focused on ''issues,'' as opposed to specific candidates, they are exempt from the reporting requirements of federal election laws. Representative DOGGET's proposal mirrors the filing and disclosure rules that Federal political parties and campaign committees must follow under the Federal election laws administered by the Federal Election Commission [FEC], and mirrors the existing Internal Revenue Code penalties on tax-exempt organization that fail to file and fail to publically disemminate reports.

We must reform our tax laws and political campaign laws to ensure that money does not destroy our democracy. I support Representative DOGGETT's proposal and am disappointed the House Republican leadership prevented us from debating this issue of critical importance to our democracy.

Mr. WATTS of Oklahoma. Mr. Speaker, during this dreaded week of headaches and frustration for the American taxpayer who has just finished or is still trying to file their income tax forms to the IRS, I rise today in strong and enthusiastic support of H.R. 4163—The Taxpayer Bill of Rights.

A common theme that we have pursued since attaining the majority in Congress has been to make government smarter, simpler, and fairer in its treatment of our citizens. We should never forget that we are here to serve the people, and not the other way around.

In addition to our continuing efforts to explore ways to make the income tax a fairer and more equitable system, this Republican-led Congress has been working hard to make the Internal Revenue Service more responsive to the American taxpayer. It is essential, Mr. Speaker, that we continue to ensure that the IRS evolves into a responsive service organization for the 21st century, providing better service to the American taxpayer while ensuring that the IRS meets the highest standards for professionalism, accountability, and efficiency. H.R. 4163 is one more step on the road to reform that began just a few years ago when we enacted the IRS Reform and Restructuring Act in 1998.

Today's bill, the Taxpayer Bill of Rights, builds on this success by further simplifying the income tax filing and IRS appeal process, providing even more rights and protections to the American taxpayer, all while holding the IRS accountable for its actions.

For example, the issue of privacy in this age of computerization and inter-connectivity via the internet, is of increasing concern to many Americans today. This bill places additional protections in place to prevent unauthorized access to tax return information by non-IRS organizations. In fact, even IRS employees would need a supervisor's determination that sufficient grounds warrant inspection of a tax return before they would be allowed authorization to review this information.

An additional essential reform to restore fairness to the income tax system is the provision to allow the IRS to eliminate interest on past-due taxes for cases when the IRS makes a mistake or causes an unreasonable delay, as well as cases in which the taxpayer relies on erroneous written statements from the IRS. Mr. Speaker, it's past time that we stop holding the American taxpayer hostage to IRS errors and bureaucracy. This bill goes a long way to restoring common sense and reasonableness to the operation of this agency.

Once again, this bill is just one more step in our hard-fought efforts to try to bring common sense back to our government, and I encourage my colleagues to join me in strong support of H.R. 4163, the Taxpayer Bill of Rights.

Mr. EWING. Mr. Speaker, on April 15, the citizens of this country will once again face the annual task of paying their taxes. For many Americans preparing their tax return has become a daunting endeavor. Under the current tax system there are more than 700 different tax forms and over 17,000 pages of rules and regulations. The system has become so complex that nearly 60% of all taxpayers seek assistance when filing their returns, but the tax system has become so confusing that even these professional tax preparers have trouble properly calculating returns. In a survey conducted by Money magazine in 1997, 46 professional tax preparers were asked to calculate a hypothetical family's tax return, they received 46 different answers.

The problem does not end there. According to a report by GAO during the 1999 tax filing season the IRS committed 9.8 million errors. Who winds up paying for these errors? Ordinary citizens, even when the IRS is at fault. The IRS operates under a dual standard. It is quick to penalize individuals for mistakes, even those to which it contributes, but is very slow and unrewarding when it is at fault. The time has come to level the playing field.

The IRS Restructuring and Reform Act of 1998 attempted to resolve some of these problems by reforming the IRS and providing 74 new taxpayer rights and protections. While the reforms and rights and protections included in that bill have generally been successful they were merely the first in a series of steps toward truly reforming the IRS. The Taxpayer Bill of Rights of 2000 builds upon the success of that bill and carries the attempt to reform the IRS another step forward.

First and foremost the bill reforms penalties and interest. It repeals the failure to pay penalty for taxpayers who enter into installment agreements with the IRS, and allows for abatement of interest if a gross injustice would otherwise result, in cases attributable to any unreasonable IRS error or delay, or instances of error where a taxpayer has relied on written advice from the IRS.

The bill also allows taxpayers to stop the running of interest by voluntarily depositing amounts in a ''dispute reserve account,'' similar to an escrow account, that would stop the running of interest on amounts in dispute and allow taxpayers to earn interest on that amount if they prevail.

Additionally, it reduces the compliance burden by raising the threshold at which taxpayers would be liable for interest for underpaying estimated taxes from $1,000 to $2,000 and simplifies the calculation of interest on underpayments by providing one interest rate per underpayment period.

The second main feature of the Taxpayer Bill of Rights of 2000 is that it strengthens taxpayer privacy. It accomplishes this by stengthening safeguards against unauthorized disclosure of federal income tax return information by States and State contractors as well as prohibiting anyone, banks and lenders for instance, from asking or coercing a taxpayer to sign a consent to disclose their tax information unless the form is dated and it is clear who will be receiving the information.

The bill also contains a provision that tightens restrictions on ''browsing'' of taxpayer information by IRS employees. The IRS is required to notify taxpayers after the Treasury Inspector General for Tax Administration determines that a taxpayer's return or return information has been disclosed or inspected without authorization.

Finally this bill levels the field between the IRS and the Taxpayer. It accomplishes this first by excluding interest paid by the IRS from the income of individual taxpayers. Under current law, taxpayers cannot deduct interest that they pay to the IRS, but they have to pay taxes on any interest payment they receive from the IRS.

Secondly, it provides access to the working law of the IRS. All final, written legal interpretations issued to IRS employees that affect a member of the public are made publicly available. If taxpayers are expected to comply with an IRS interpretation of the law, the interpretation should be available. Currently, taxpayers have no way of determining whether the IRS applying the tax laws evenly across the U.S. This will permit taxpayers to determine what is the appropriate legal analysis applicable to their facts and circumstances.

As the complexity of the tax code increases, the need to pretect taxpayers has also increased. We must be diligent and ensure Americans receive the protection they deserve. This bill takes the steps necessary to endure that taxpayers are treated fairly and the information they disclose is protected. It

extends the reforms began in 1998 by reigning in and finally putting the taxpayer on an equal footing with the IRS.

Mr. HOUGHTON. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentleman from New York (Mr. HOUGHTON) that the House suspend the rules and pass the bill, H.R. 4163, as amended.

The question was taken.

Mr. HOUGHTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

SENSE OF CONGRESS ON CLINTON/GORE TAX HIKES

Mr. MCINNIS. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 467) expressing the sense of the House of Representatives that the tax and user fee increases proposed by the Clinton/Gore administration in their fiscal year 2001 budget should be adopted.

The Clerk read as follows:

H. RES. 467

Whereas on February 7, 2000, President Clinton and Vice President Gore submitted a budget for fiscal year 2001 that raises taxes and fees on working families by $116 billion over 5 years, creates 84 new Federal programs, places Government spending increases on auto-pilot, and fails to offer any serious proposal to strengthen social security or medicare;

Whereas over the next decade the Clinton-Gore budget would spend $1.3 trillion on bigger Government—consuming 70 percent of the projected $1.9 trillion in budget surpluses—thus spending more for the Federal bureaucracy, and less for the American family;

Whereas as part of the $116 billion in tax and fee increases—

(1) the President proposes to raise taxes by $12.8 billion on the insurance products which Americans rely on to protect their families, homes, and businesses,

(2) the President proposes a stealth tax on our children by raising the death tax by $3.5 billion,

(3) the President asks us to increase taxes on energy by $1.5 billion at a time of rising energy prices and increasing dependence on foreign oil, and

(4) the President wants to raise medicare premiums and other health care costs by $3.2 billion at the very time we are trying to insure our seniors' health security by preserving and protecting medicare; and

Whereas the President's solution is to take hard-earned money and send it to Washington where politicians can spend it: Now, therefore, be it

Resolved, That is it the sense of the House of Representatives that—

(1) despite having successfully balanced the budget and created budget surpluses,

(2) despite having protected social security and restored the integrity of the social security trust fund,

(3) despite the fact that in 1999 governments at all levels collected $9,562 in taxes for every man, woman and child,

(4) despite the fact our tax burden is at 20.0 percent of gross domestic product—a post-World War II record high, and

(5) despite the fact that our oversight activities have identified billions of taxpayer's dollars that are subject to waste, fraud and abuse,

the Congress should support the adoption of the package of tax and user fee increases proposed by the Clinton/Gore administration in their fiscal year 2001 budget, as reestimated by the Joint Committee on Taxation, and as outlined below.

PROPOSED TAX AND FEE INCREASES
(Millions of dollars)

	2000–05
I. PROPOSED TAX INCREASES	
A. Corporate Tax Provisions	
1. Five corporate tax provisions with general application	2,340
2. Require accrual of time value element on forward sale of corporate stock	41
3. Modify treatment of ESOP as S corporation shareholder	169
4. Limit dividend treatment for payments on self-amortizing stock	10
5. Prevent serial liquidations of U.S. subsidiaries of foreign corporations	43
6. Prevent capital gains avoidance through basis shift transactions involving foreign shareholders	270
7. Prevent mismatching of deductions and income inclusions in transactions with related foreign persons	229
8. Prevent duplication or acceleration of loss through assumption of liabilities	93
9. Amend 80/20 company rules	167
10. Modify corporate-owned life insurance (''COLI'') rules	2,026
11. Increase depreciation life by service term of tax-exempt use property leases	66
B. Financial Products	
1. Require cash-method banks to accrue interest on short-term obligations	76
2. Require current accrual of market discount by accrual method taxpayers	52
3. Modify and clarify certain rules relating to debt-for-debt exchanges	136
4. Modify and clarify straddle rules	95
5. Provide generalized rules for all income-stripping transactions	65
6. Require ordinary treatment for options dealers and commodities dealers	93
7. Prohibit tax deferral on contributions of appreciated property to swap funds	NR [1]
C. Provisions Affecting Corporations and Pass-Through Entities	
1. Conform control test for tax-free incorporations, distributions, and reorganizations	86
2. Treat receipt of tracking stock as property	477
3. Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions	145
4. Modify tax treatment of certain reorganizations in which portfolio interests in stock disappear	283
5. Clarify definition of nonqualified preferred stock	73
6. Clarify rules for payment of estimated taxes for certain deemed asset sales	120
7. Modify treatment of transfers to creditors in divisive reorganizations	46
8. Provide mandatory basis adjustments if partners have significant built-in loss in partnership property	159
9. Modify treatment of closely-held REITs	45
10. Apply RIC excise tax to undistributed profits of REITs	4
11. Allow RICs a dividends paid deduction for redemptions only if the redemption represents a contraction in the RIC	1,911
12. Require REMICs to be secondarily liable for the tax liability of REMIC residual interest holders	69
13. Deny change in method treatment in tax-free transactions	25
14. Deny deduction for punitive damages	233
15. Repeal the lower-of-cost-or-market inventory accounting method	2,032
16. Disallow interest on debt allocable to tax-exempt obligations	87
17. Capitalization of commissions by mutual fund distributors	461
D. Cost Recovery Provisions	
1. Provide consistent amortization periods for intangibles	969
2. Establish specific class lives for utility grading costs	307
3. Extend the present-law intangibles amortization provisions to acquisitions of sports franchises	245
E. Insurance Provisions	
1. Require recapture of policyholder surplus accounts	1,622
2. Modify rules for capitalizing policy acquisition costs of insurance companies	5,084
3. Increase the proration percentage for property and casualty insurance companies	323
4. Modify rules that apply to sales of life insurance contracts	140
5. Modify qualification rules for tax-exempt property and casualty insurance companies	87
F. Tax-Exempt Organization Provisions	
1. Subject investment income of trade associations to tax	730
2. Penalty for failure to file Form 5227	7
G. Estate and Gift Tax Provisions	
1. Restore phaseout of unified credit for large estates	430
2. Require consistent valuation for estate and income tax purposes	50
3. Require basis allocation for part-sale, part-gift transactions	5
4. Eliminate the stepped-up basis in community property owned by surviving spouse	229
5. Require that qualified terminable interest property for which a marital deduction is allowed be included in the surviving spouse's estate	8
6. Eliminate non-business valuation discounts	2,985
7. Eliminate gift tax exemption for personal residence trusts	28
8. Eliminate the Crummey rule and modify requirements for annual exclusion gifts	45
H. Pension Provisions	
1. Increase elective withholding rate for nonperiodic distributions from deferred compensation plans	60
2. Increase section 4973 excise tax on excess IRA contributions	39
3. Impose limitation on prefunding of welfare benefits	873
4. Subject signing bonuses to employment taxes	27
5. Clarify employment tax treatment of choreworkers employed by State welfare agencies	RS [2]
6. Prohibit IRAs from investing in foreign sales corporations	126
I. Compliance Provisions	
1. Modify the substantial understatement penalty for large corporations	15
2. Repeal exemption for withholding on certain gambling winnings	31