

Watkins
Watts (OK)
Weldon (FL)
White

Whitfield
Wicker
Wolf
Woolsey

Young (AK)
Young (FL)

NAYS—179

Abercrombie
Ackerman
Allen
Andrews
Baker
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berry
Bishop
Blagojevich
Blumenauer
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Cox
Coyne
Cramer
Crane
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Doggett
Doolley
Doyle
Edwards
Engel
Ensign
Eshoo
Etheridge
Evans
Filner
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Goodlatte
Green

Harman
Hastings (FL)
Hefley
Hefner
Hill
Hilleary
Hilliard
Hinchey
Holden
Hoolley
Hostettler
Jackson (IL)
Jackson-Lee
(TX)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kind (WI)
Klecza
Klink
Kucinich
LaFalce
Lantos
Lee
Levin
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Martinez
Mascara
Matsui
McCarthy (MO)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender
McDonald
Miller (CA)
Minge
Moran (KS)
Moran (VA)
Nadler
Neal
Oberstar
Obey

Oliver
Ortiz
Owens
Pallone
Paul
Payne
Pelosi
Peterson (MN)
Petri
Pomeroy
Poshard
Rahall
Rangel
Rivers
Rodriguez
Roemer
Rohrabacher
Rothman
Roybal-Allard
Royce
Rush
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Sherman
Slaughter
Smith, Linda
Snyder
Spratt
Stabenow
Stark
Stearns
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Towns
Velazquez
Vento
Waters
Watt (NC)
Weller
Wexler
Weygand
Wise
Wynn
Yates

NOT VOTING—19

Brady (TX)
Dingell
Gonzalez
Gordon
Hamilton
Hinojosa
Hulshof

Hutchinson
Klug
Lampson
Lewis (GA)
Markey
McDade
McIntosh

Moakley
Reyes
Turner
Waxman
Weldon (PA)

COMMUNICATION FROM THE
CLERK OF THE HOUSE.

The Speaker laid before the House the following communication from the Clerk of the House of Representatives:

U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, June 25, 1998.

Hon. NEWT GINGRICH,
The Speaker,
House of Representatives, Washington DC.

DEAR MR. SPEAKER: I have the honor to transmit herewith a copy of a certificate of unofficial vote totals received from The Honorable Stephanie Gonzales, Secretary of State, State of New Mexico, which indicates that, according to the unofficial vote totals received by the nominees whose names appeared on the 1998 Special Election Ballot of June 23, the Honorable Heather Wilson was elected Representative in Congress for the First Congressional District, State of New Mexico.

With warm regards,

ROBIN H. CARLE,
Clerk.

SWEARING IN OF THE HONORABLE
HEATHER WILSON, OF NEW MEX-
ICO, AS A MEMBER OF THE
HOUSE

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that the gentleman from New Mexico, Ms. HEATHER WILSON, be permitted to take the oath of office today. Her certificate of election has not yet arrived, but there is no contest; and no question has been raised with regard to her election.

The SPEAKER. Is there objection to the gentleman from Texas?

There was no objection.

The SPEAKER. The Representative-elect and the Members of the New Mexico delegation may come forward.

Ms. WILSON appeared at the bar of the House and took the oath of office, as follows:

Do you solemnly swear that you will support and defend the Constitution of the United States against all enemies, foreign and domestic; that you will bear true faith and allegiance to the same; that you take this obligation freely, without any mental reservation or purpose of evasion, and that you will well and faithfully discharge the duties of the office on which you are about to enter. So help you God.

The SPEAKER. Congratulations.

INTRODUCTION OF THE
HONORABLE HEATHER WILSON

(Mr. SKEEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKEEN. Mr. Speaker, as the dean of the New Mexico delegation in the House, it is my distinct pleasure and honor to welcome and congratulate the newest Member of the House of Representatives, the Honorable Heather Wilson of Albuquerque, New Mexico.

Congresswoman WILSON won this week's special election in New Mexico's First Congressional District, which was vacated in March by the untimely

death of our colleague, Steve Schiff. We will always miss Steve Schiff, but today we welcome a new Member who will continue in his tradition of public service on behalf of the people of the State of New Mexico.

Congresswoman WILSON won a most impressive victory in gaining election to the House. Many of us watched this race with significant interest and were involved in her successful election to Congress. I thank each and every one of my colleagues for their efforts on her behalf.

I look forward to working with the gentlewoman from New Mexico (Ms. WILSON) in Congress on behalf of many principles each of us hold dear to our hearts, such as education, a strong national defense, a simpler and fairer tax system, among a host of other issues important to our State and Nation.

I welcome the gentlewoman from New Mexico (Ms. WILSON) to Congress, and I wish her the best of success in representing the people from New Mexico's First Congressional District. It is up to her now. Thank goodness for her being here with us.

TAKING OFFICE WITH INTEGRITY,
COURAGE AND ENERGY

Ms. WILSON. Mr. Speaker, I want to thank all of you so much for your help, your support, your words of wisdom, and your words of kindness throughout the special election. Without your support, I would not be here today, and without the support of the people of the First District.

It is now time to roll up my sleeves, to take up the work which Steve Schiff left off too soon, and to represent the people of the First District with honor, with integrity, and with every ounce of courage and energy that I can summon. I look forward to that challenge, and I look forward to serving with each of you.

I wanted to thank my family, who is here with me, for their love and their support. I wanted to thank all of you again. I look forward to serving with you.

PERSONAL EXPLANATION

Mrs. EMERSON. Mr. Speaker, yesterday on rollcall No. 264, Agriculture appropriations, I was unavoidably detained. Had I been present, I would have voted yes.

CONFERENCE REPORT ON H.R. 2676,
INTERNAL REVENUE SERVICE
RESTRUCTURING AND REFORM
ACT OF 1998

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 490, I call up the conference report on the bill (H.R. 2676) to amend the Internal Revenue Code of 1986 to restructure and reform the Internal Revenue Service, and for other purposes, and ask for its immediate consideration in the House.

□ 1533

Ms. ROYBAL-ALLARD and Messrs. ROHRBACHER, RANGEL and MCINTYRE changed their vote from "yea" to "nay."

Ms. WOOLSEY changed her vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. PEASE). Pursuant to House Resolution 490, the conference report is considered read.

(For conference report and statement, see proceedings of the House of Wednesday, June 24, 1998, at page H5100.)

The SPEAKER pro tempore. The gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

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

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on the conference report on H.R. 2676.

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

There was no objection.

□ 1545

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

Mr. Speaker, today is a great day for the American taxpayer. As families gather together next week to celebrate the Fourth of July, a day that recognizes the independence of all Americans, they can be proud to know that this Congress has secured for them greater independence from the excesses of the IRS than have ever been granted since 1952.

The plan we vote on today gives David the taxpayer an arsenal of powerful slingshots to use against Goliath the IRS. Reform of the IRS has been long overdue and I am delighted that Congress is passing legislation that puts the legitimate rights of the taxpayer first. Our plan shifts the burden of proof off the taxpayer and onto the IRS. No longer will taxpayers have to prove in court their innocence but, rather, the IRS will have to prove liability. It gives taxpayers 74 new rights and protections, including protections for innocent spouses, usually women, and it creates an independent oversight board to get the IRS under control.

Plus, we reduce the complexity that 16 million Americans endured when they filled out their difficult Schedule D IRS capital gains tax forms. By changing the holding period from 18 months to 12 months, we bring greater simplicity to the lives of taxpayers.

Mr. Speaker, as important as this bill is to more than 100 million Americans who dutifully fill out their tax forms every year, this bill is also about our values and our priorities. It is about right and it is about wrong. It is about putting the taxpayer first and the IRS second. It has been the other way around for entirely too long.

What we do today is very much in the spirit of July 4. Today we enhance the power of the individual and we reduce the power of an abusive arm of the government that intrudes into the

individual lives of each of us. By dissolving the bonds which allowed the IRS to seize homes and freeze bank accounts, we serve taxpayers whose life, liberty and pursuit of happiness had been infringed. We remind a free Nation that earnings belong to those who make them, not to a government with the power to take them.

This bill strikes the right balance between granting taxpayers the freedom to pay their taxes without abuse while providing the tools necessary to fund the government. I am very proud of this Congress for today's action. We are indeed leading the Nation in the right direction.

I am proud to belong to a Republican Congress that has balanced the budget, cut taxes, fixed welfare and now we have protected taxpayers from IRS abuses. I am also proud to be a part of a Republican Congress that has proved that it can work on a bipartisan basis across the aisle to bring this wonderful bill to the American people. If there was ever a done-something Congress, this is it.

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

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume. Let me thank the gentleman from Texas (Mr. ARCHER), my chairman, for allowing me to be a part of his Republican Congress, and to laud him for bringing about this Republican surplus, and also the Republicans for bringing about this great economic boom which we enjoy. God knows what we would have done without you, but I hope next year we will find out.

I do have to agree on this bill that the chairman of the committee as well as the Senate have shown an extreme bipartisan effort to bring about changes that were needed in the Internal Revenue Service. I really enjoyed working with the chairman and the Senate, because we got away from the rhetoric of pulling out the code by the roots, beating up on the dedicated public servants, and started working with the commission which the gentleman from Pennsylvania (Mr. COYNE) of the Committee on Ways and Means and the gentleman from Ohio (Mr. PORTMAN) had worked on, working with the administration and the other body to see what we could do to bring about change, and through hard work and mutual respect, we were able to do it. Not only do we bring in professionals to provide oversight, have additional management flexibility, but we expanded electronic tax filing and worked with the administration to make certain that the oversight board had representation not only from the private sector but from the employees.

Taxpayers' rights were protected. Innocent spouse relief was given. And even though there are some provisions in the bill that have absolutely nothing to do with reform, these were the perks and privileges of the majority and we thought that the President should support the entire bill, as do most of the

people that really believe that the taxpayer has been and should be entitled to more protection.

We will have a motion to recommit perhaps that could perfect the bill and make it all that it could be, but I would publicly like to thank the chairman of the full Committee on Ways and Means as well as the leadership in the other body for coming up with a bill that would improve the protections for taxpayers and at the same time be a piece of legislation that can be supported by the administration and should make Members of this House and this body proud.

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

Mr. ARCHER. Mr. Speaker, I yield 5½ minutes to the gentleman from Ohio (Mr. PORTMAN), a gentleman to whom all of us owe an enormous debt of gratitude, because he was the co-chairman of the restructuring commission that spent 1 year evaluating the IRS and bringing to us a recommendation which is basically intact as a result of our efforts.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman for yielding me this time, for those kind words and for all his leadership on this legislation.

It was exactly one year ago today that the National Commission on Restructuring the Internal Revenue Service announced its recommendations after a year-long audit of the IRS. That commission has been referred to by the gentleman from New York and by the chairman. It was cochaired by Senator BOB KERREY of Nebraska and myself. What we did was to recommend the first comprehensive changes to the IRS since 1952. When we released our report, again a year ago today, to fundamentally reform the IRS, change the way it does business and protect taxpayers, I cannot say that everybody in Washington was hoping that it would end up here on the floor. In fact there were many who probably hoped it would gather dust on a shelf, including some in the Clinton administration. At that time there was opposition from the Treasury Department over the degree to which we were reforming the IRS.

The next step in that process was legislation. The gentleman from Maryland (Mr. CARDIN) and I introduced House legislation, and Senators KERREY and GRASSLEY introduced legislation in the Senate that was based on those recommendations. And then it was the chairman who prioritized it, put the Committee on Ways and Means at the front of this effort, and moved the legislation so expeditiously. Again this was before the legislation was as widely acclaimed as it will be today, I think, as we have listened to Members speak on the floor.

Mr. Speaker, Americans are grateful for the leadership the gentleman from Texas showed and that the committee showed on a bipartisan basis. This is the agency that directly impacts the lives of more Americans than any

other agency of government. Of course we owe it to the taxpayers to pass this bill today, and I am very confident that we will.

But let me say something else. I think that once we have finished our voting today and we are done congratulating ourselves over this very good legislation this afternoon, we then have to turn our focus to the real work. We owe it to the taxpayers to ensure that the provisions in this legislation are actually implemented, and we owe it to them because we have to ensure that we do have a fundamental cultural change at the IRS.

Members have heard about some of the bill's key provisions from the gentleman from Texas and the gentleman from New York. Let me just say it is a very comprehensive approach. It contains a wide range of reforms. When you take those reforms as a whole, it will transform the IRS from an antiquated sort of an enforcement mentality to a modern, more taxpayer service-oriented organization. It will refocus the mission of the IRS to provide respectful and efficient service to the taxpayer.

It does so in a number of different ways. One is by creating this new oversight board that the gentleman from New York mentioned. This is unprecedented in government. We will have nine members of the board, mostly from the private sector, who will bring needed expertise and customer service, information technology, and how to transform a large service organization. They will be there to ensure that the IRS will be more accountable to the taxpayer and be more accountable over a long period of time.

It does so by leveling the playing field between the taxpayers and the IRS. It has over 50 new taxpayer rights. These include shifting the burden of proof from the taxpayer to the IRS in court cases, providing long overdue relief for innocent spouses, most of whom are women who are unfairly targeted today by the IRS; it creates new due process rights for taxpayers, and even creates the right to be compensated for overzealous IRS actions.

Very importantly, the legislation also reforms the IRS management structure to increase accountability and performance. It gives the IRS Commissioner new personnel flexibilities to drive change through the agency, such as the ability to bring in experts from the private sector at a high level in the IRS, the ability to reward IRS employees for taxpayer service, and fire employees who provide inferior service. It also increases the accountability of IRS employees and managers in the collection area to stop the tactics of intimidation.

Finally, and significantly, let me just emphasize that the bill will increase congressional accountability for the IRS. That is a major victory for those of us in this body, in the House, who believe that it is not enough just to point the finger at the other end of

Pennsylvania Avenue, that in fact much of the blame resides right here in the Capitol. As a result of our work, there are three significant congressional accountability provisions.

First, we streamline congressional oversight, requiring the seven committees to come together and coordinate their activities, including one mandated meeting a year to review the IRS budget, review the IRS strategic plan, and send a clear and consistent message from Capitol Hill to the IRS.

Second, we get the IRS at the table as the committees are working on tax legislation to ensure that on a more consistent basis we get expertise from the field to be sure that tax law changes are going to actually work to help the taxpayer and can work within the IRS system, what new forms or schedules will be required, how is that going to affect the IRS, how is that going to affect individuals.

Finally, and perhaps most significantly, it requires Congress to conduct a new taxpayer complexity analysis of every new piece of tax legislation that reaches the House or Senate floor. It will work kind of like the budget scoring process. We will now be forced to "score" tax legislation to see what its complexity is for the taxpayer and for the IRS. And in the House we put teeth in that with a point of order to make sure that it actually happens. This will force us to consider the implications of what might otherwise be great sounding tax legislation.

Again, for the first time ever now we will have incentives in place that actually encourage us to simplify rather than all the incentives that are out there right now for more complexity. Anybody who looked at this year's Schedule D for capital gains knows what we are talking about.

There are a lot of other provisions in this bill. We do not have time to mention them all. Suffice it to say the overall package will ensure that the IRS will now work for the taxpayer rather than the other way around.

Let me close with one final point, if I might. On a bipartisan basis within a short period of time, this Congress for the first time in 46 years fundamentally restructured the second biggest agency in government to make it far more responsive to taxpayers. That is in large measure because of the leadership of this Congress. NEWT GINGRICH took personal interest in this, talked to the Commission, supported it, expedited it. It is also, of course, the result of the hard work and dedication of the Restructuring Commission, its staff; the Committees on Ways and Means and Finance. Barbara Pate of my own staff put many hours into this project. I think the process worked, though, because we took partisanship out and brought expertise in. It just might be a model for other challenging issues we face. I again commend the chairman for his work.

Mr. Speaker, I would like to take a moment to thank the staff of the National Commission

on Restructuring the Internal Revenue Service for important work on this legislation. We would not have the strong reform legislation before us today without the hard work and patience of these individuals. They staffed dozens of public hearings, 3 town-hall meetings around the country and hundreds of hours of closed-door sessions with Restructuring Commission members. They also interviewed hundreds of present and former IRS officials, representatives of key stakeholder groups, and average taxpayers. The product of their work is the Commission's final report, "A Vision for a New IRS," which served as the foundation of the legislation we have before us today. Congress, and the taxpaying public, thank them for their fine efforts.

The Commission staff members were: Jeffery Trinca, Chief of Staff; Anita Horn, Deputy Chief of Staff; Douglas Shulman, Senior Policy Advisor and Chief of Staff from June to September of 1997; Charles Lacián, Senior Policy Advisor; Dean Zerbe, Senior Policy Advisor; Armando Gomez, Chief Counsel; George Guttman, Counsel; Lisa McHenry, Director of Communications and Research; James Dennis, Counsel; John Jungers, Research Assistant; Andrew Siracuse, Research Assistant; Damien McAndrews, Research Assistant; Margie Knowles, Office Manager; and Janise Haman, Secretary.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN) who worked very hard in making this reform possible.

Mr. CARDIN. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for yielding me this time. I rise in support of the conference report on H.R. 2676.

Mr. Speaker, more than a year ago the gentleman from Ohio (Mr. PORTMAN) came over to meet with me about the work that he was doing as chairman of the National Commission on Restructuring the Internal Revenue Service. It led to the introduction of H.R. 2292. The gentleman from Ohio impressed upon me his commitment to restructure the IRS and have legislation on this floor in a bipartisan manner.

Mr. Speaker, I want to congratulate and compliment the gentleman from Ohio for his professionalism and the way that he acted in such a bipartisan manner. As a result, I agree with the gentleman from Texas (Mr. ARCHER) as to why we have such an outstanding bill before us. The gentleman from Ohio deserves the thanks of all of us. To the gentleman from Texas and the Committee on Ways and Means, I want to congratulate them for the work that our committee did. It was outstanding in considering this legislation and moving it forward. To the gentleman from New York (Mr. RANGEL), the ranking member, for his advice and leadership during this process, I also want to extend congratulations.

□ 1600

Senior officials of the Clinton administration were extremely helpful to us, including Secretary Rubin who has already provided strong leadership in reforming the Internal Revenue Service.

And finally, Mr. Speaker, I think we should all thank the hardworking Federal employees at the IRS who have been critical to this reform effort. Yes, we have heard stories of abusive behavior by a handful of rogue IRS agents, but we all understand that the vast majority of the rank and file IRS workers do a very difficult job and they deserve our thanks.

This conference report includes some very strong new provisions on taxpayers' rights and taxpayer protection provisions, and I am pleased that we have improved the innocent spouse provisions, unfair imposition on tax liability. We shift the burden of proof in certain court-litigated cases back to the IRS, where it should be, and we provide relief for penalties and interest for many taxpayers who deserve that help.

But the success of IRS reform will not be the passage of this bill, but the implementation of the bill. We have set the stage where we can really improve the structure of our tax-collecting agency. Commissioner Rossotti has already started to make some of these changes but he needed this bill which establishes the oversight board that will work with Commissioner Rossotti to carry out these badly needed reforms.

As the gentleman from Ohio (Mr. PORTMAN) pointed out, it is not only the oversight board, but it is also providing for Congress to take a more responsible oversight attitude on looking at the IRS and to pass bills that make sense from tax simplification so the IRS can do its job.

Mr. Speaker, today we pass the IRS reform bill. I am very pleased that we have been able to do it. But that should not be the end of our interests in the Tax Code. We all have responsibility to make the Tax Code more simple, more efficient and more fair. I hope that the leadership of this House will move forward with tax reform as it relates to the Tax Code itself. I look forward to the enactment of this bill and working with the other Members on reforming our Tax Code.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH) a respected member of the Committee on Ways and Means.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I thank the gentleman from Texas (Mr. ARCHER) for yielding this time to me.

Today the House completes an ambitious project it only undertook last year, the first comprehensive overhaul of the Internal Revenue Service since Harry Truman served in the White House.

I rise in strong support of the conference report on the IRS Restructuring and Reform Act. It will protect taxpayers by increasing oversight of the agency, hold employees of the IRS accountable for their actions and create a new arsenal of taxpayer protections. These reforms go a long way toward restoring the basic rights of all Americans who deal with the IRS.

My colleague, the gentleman from Ohio (Mr. PORTMAN) who more than any other Member of this Chamber is responsible for this package has detailed some of its provisions. The major ones: The burden of proof is shifted; an independent board is created to oversee IRS policies; an innocent spouse provision is added; and new incentives are created to encourage the filing electronically of tax returns which will save millions of dollars for the taxpayers.

I also want to note there is an important unrelated truth-in-labeling provision included in this conference report, an important trade provision that will substitute the term "normal trade relations" in place of the currently used and much misunderstood "most-favored-nation" status with regard to trade. This will go far to improve the accuracy and tenor of our debates on trade issues.

Mr. Speaker, this is long-awaited, bipartisan legislation that should be swiftly acted on by both the House and Senate and hopefully receive the President's signature. I rise in strong support of this legislation.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Florida (Mrs. THURMAN).

Mrs. THURMAN. Mr. Speaker, I thank the conference members because I think they have done a relatively good job. As my colleagues know, quite frankly I wish this would have passed earlier in the year where people would have had an opportunity to have these changes available to them today, and I am going to support the conference report because it does include IRS reform and IRS responsibility and because I like the taxpayer protection provisions.

Earlier this year I attended a hearing with Senator BOB GRAHAM at which Florida taxpayers talked about their experiences with the IRS. I heard from women who had no idea of their spouse's tax irregularities but who were being penalized by the IRS. I also heard about penalties imposed for small underpayments that continued even after offers were made to the IRS. Such administrative inflexibility contributes to the distrust of IRS and our tax system. Fortunately the conference report makes changes that will help these taxpayers.

Mr. Speaker, the innocent spouse relief is long overdue. The suspension of interest and penalty is a small step in the right direction.

In addition, this legislation will make the IRS more efficient by improving oversight and imposing responsibility on employees for improper actions. The IRS must treat the American people with respect, and this bill will ensure that IRS employees understand that fact.

But as occurs too often here, politics got the benefit of policy for 6 months. Good legislation was delayed. Now we have a bill very similar to what the House approved in November with a

few twists. We have a new provision which includes tax relief to employers who provide meals to more than half of their employees on employers' premises. I wish I had known about that provision before the conference completed its work. I have no problem with helping workers who have to eat where they work. Perhaps this provision will also benefit some hospitality workers in Florida.

But let me tell my colleagues about a letter that I received from the wife of a trucker in my district. He was on the road nearly 300 days last year. The law allows him to deduct only 50 percent of the cost of his on-road meals. His wife wants truckers to deduct 100 percent of their on-road meals. That makes sense to me, and I think the committee should consider the needs of these struggling taxpayers, too.

But despite the politics that delayed the policy, I think the legislation helps American taxpayers, and I urge the House to approve it.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), a respected member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from Texas (Mr. ARCHER) for yielding this time to me, and, Mr. Speaker, I come to the well in strong support of this conference report and the work performed by both Chambers on this bill.

Mr. Speaker, there are many provisions that have been outlined, but in addition to the provisions, we can put faces and names on those families directly affected, sadly, by what must be termed as IRS abuse.

I think of a man from Arizona, Bob Breauxcamp, and the story of his granddad who inadvertently sent a tax payment of \$7,000 to the IRS when he only owed \$700, how he was aged and infirmed, and upon his death then the IRS sought estate taxes from his daughter, Bob's mom, and she discovered the overpayment; how the IRS said, no, that money will not go back to his estate and how that overpayment, through an oversight in law and, yes, I dare say, abuse by the IRS was never returned to the Breauxcamp family.

Mr. Speaker, today with passage of this conference report, we provide for a wide array of reforms. But to the aged and the infirm, to those who have been taken advantage of in this process, we become their advocates. That is another key provision we should support.

As mentioned earlier, the innocent spouse provision is vitally important and most fundamental to our notion of fairness in this country, the basic premise of American jurisprudence which says that the accused is entitled to the presumption of innocence. What was deprived in Tax Court is restored henceforth with passage of this legislation. The burden of proof will rest on the government instead of the taxpayer.

I urge passage of the conference report.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. NEAL) a member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, I rise in support of this conference agreement on the Internal Revenue Restructuring and Reform Act of 1998.

There is no question that this legislation will provide better oversight, greater continuity of leadership and improved access to expert advice from the private sector, and additional management flexibility. There has long been agreement of the need for fundamental reform of the IRS, and I commend the work done by the National Commission on Restructuring. I supported the majority of recommendations made by the National Commission, and I am pleased that further improvements have been made to this initial legislation introduced by the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Maryland (Mr. CARDIN). Mr. PORTMAN and Mr. CARDIN did work diligently to modify the original bill to reflect the concerns of many of us on the Committee on Ways and Means.

Mr. Speaker, I believe that the Constitution requires that the IRS commissioner be appointed, hired and, if necessary, fired by the President. The legislation before us today keeps the President ultimately responsible for the actions of the IRS and the decisions of its commissioner, while the Department of Treasury would still have a role in the oversight and management of IRS.

A key component of the bill is a section referred to as Taxpayer Rights III. These provisions will provide new protections and assistance to millions of taxpayers.

During passage of the bill I was specifically concerned about two additional provisions. First I was concerned about the authority given to the newly-created IRS Oversight Board. This board has the authority to review and approve strategic plans at the IRS and review and approve the commissioner's plans for major reorganization.

The bill was not clear on what happens to our tax administration system under these new authorities if a consensus is not reached among board members or the IRS commissioner and Treasury Secretary in disagreement with views of private sector individuals. I am pleased that the conference has addressed this issue.

Second, I am concerned about the provision in the shift of the burden of proof which should not be treated lightly. The conference agreement shifts the burden of proof to the Secretary of Treasury in any court proceeding with respect to a factual issue if the taxpayer enters credible evidence with respect to the factual issue relevant to ascertaining the taxpayer's liability for income estate and gift taxes.

Under current law, a taxpayer is generally required to maintain records substantiating the calculation of his or her income tax liability. In civil matters, the burden is placed on the taxpayer because the taxpayer controls the facts and the record.

Now this shift in the burden of proof could have unintended consequences, and we should acknowledge that today. It could result in the IRS conducting more intrusive examinations and the IRS issuing more subpoenas and summonses to third parties in search of evidence, and I am concerned that this provision would induce taxpayers not to keep records. But I am pleased that the conference agreement requires a taxpayer to keep records in order to be eligible for this provision.

Our tax system is voluntary, and we have an overall compliance rate of 85 percent. The individual compliance rate is 97 percent, and we should never lose sight of those respective achievements.

Mr. ARCHER. Mr. Speaker, I yield 5 minutes to the gentlewoman from Connecticut (Mrs. JOHNSON) the chairman of the Subcommittee on Oversight of the Committee on Ways and Means, who has also done a tremendous amount of work in building this package.

Mrs. JOHNSON of Connecticut. Mr. Speaker, first I want to congratulate the gentleman from Texas (Mr. ARCHER) the chairman of the Committee on Ways and Means for not only his long investment and commitment to this bill, but the depth of knowledge that he has of it, and of the issues addressed in it and of his leadership as a conferee negotiating a bill that will be good for the taxpayers and a credit to this Congress.

□ 1615

Today is a great day for taxpayers. With enactment of the IRS Restructuring Reform Act, we are going to fundamentally change the culture of the IRS, and not a moment too soon.

Earlier this year, I asked my constituents to evaluate the performance of the IRS in a survey of taxpayers in the 6th Congressional District. Fifty-four percent of the respondents gave the agency a D or an F. That is unacceptable. It is appalling. It is unfair to taxpayers, to the honest, hard-working people of America who support their government. But it is equally unfair to the conscientious men and women who work for the IRS, that the unchecked, irresponsible actions of a few have undermined public confidence in their work.

We need stronger management, stronger congressional oversight and stronger taxpayer rights. The measure before us today provides all three. The IRS oversight board created by this bill will bring private sector knowledge into the management of the IRS, so the IRS can begin the 21st century as a state-of-the-art, customer-oriented service organization. Infusing private

sector know-how into the technology development and the management of the IRS will create a model for revitalizing our government agencies.

But reform of the IRS requires reform of the congressional oversight process. At the moment, no fewer than six committees, not to mention their subcommittees, on both sides of the Capitol, tug the IRS in different and often conflicting directions. This bill takes an important first step toward streamlining Congressional oversight. It provides for annual joint hearings by Republicans and Democrats from the House and Senate tax-writing, appropriations and government oversight committees. The hearings will focus on the IRS strategic plan, budget and performance. If we expect the IRS to change its ways, we in Congress must do no less.

The measure builds on the protections provided in the Taxpayer Bill of Rights II developed by the Committee on Ways and Means Subcommittee on Oversight and enacted by the last Congress.

I am especially pleased that the taxpayer rights provisions will strengthen the protections for innocent spouses. Of all the horror stories that have surfaced in recent years, none have been more heartbreaking than those involving innocent spouses, taxpayers who in many cases have been left to rear their children as single parents, only to find their former spouses have saddled them with crushing tax debt.

Many of these horror stories have been going on for years without the IRS helping the spouses who are seeking relief from mounting tax liabilities, interest and penalties. I have seen dozens of letters from innocent spouses who find themselves in this kind of jam.

In March of 1995, the Committee on Ways and Means Subcommittee on Oversight held a hearing to explore the development of the Taxpayer Bill of Rights II. In particular, we were interested in finding out whether the current joint and several liability rules were equitable and whether innocent spouse rules were adequate. The long and the short of it is, we required the Treasury Department and the General Accounting Office to study those rules, report back to us concretely, and using that information, this conference has taken the final step to provide significant broad-based, fair, honest, innocent spouse provisions to relieve the circumstances of these disadvantaged, unfortunate, hard-working taxpayers.

But innocent spouse relief is not the only one of the more than 50 taxpayer rights we will enact in this legislation. The bill will shift the burden of proof to the IRS in court proceedings, as you have heard; prohibit the IRS from seizing a taxpayer's home without a court order, no less protection should be offered; expand the authority of the taxpayer advocate to assist taxpayers, and that is, after all, their job; strengthen due process rights for taxpayers in collection activities; suspend interest and

certain penalties when the IRS does not provide appropriate notice to a taxpayer within 18 months after a return is filed; and extend the client-attorney privilege to accountants and other tax practitioners.

Mr. Speaker, Mark Twain once said that everyone complains about the weather, but no one does anything about it. Perhaps the same could be said of the IRS. The complaints are legion. Today we are doing something about it.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. GEPHARDT), our minority leader, who made certain that partisanship did not enter into the debate in restructuring the IRS, and one who insists on equity in the Tax Code.

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

Mr. Speaker, I rise in support of this conference report. I believe that what has been done to reform the IRS is important. It is supported by the President, supported by Members on both sides of the aisle, and I intend to vote for it.

However, there was a provision that was slipped into the conference which, frankly, is irrelevant to the substance of this bill. What was slipped into the conference was to change the holding period on certain capital gains from 18 months to 12 months. It seems that some in the majority in this House cannot resist any opportunity to try to put another tax break in tax legislation to help the wealthiest of the wealthy.

Here is a chart which shows who gets the benefit of changing the time that you have to hold certain capital gains to receive the capital gains benefit from 18 to 12 months.

Bob Dole, a former Senator, had a bill a number of years ago that would change capital gains to make them all time-sensitive. That probably makes sense. When the bill was passed to change the capital gains rate last year, we began to move in that direction by having an 18-month waiting period.

Now, the first chance that is obtained, we are going back to a 12-month holding period. The Speaker of the House announced yesterday he wants to take the capital gains rate from 20 to 15 percent. I suppose the ultimate goal is what the gentleman from Texas (Mr. ARMEY), the majority leader, has said over and over again, and that is to have a capital gains rate of absolutely zero. Absolutely zero.

Now, while this is going on and while we are tucking in provisions that help the wealthiest of the wealthy, let us look at what is happening in the Committee on Appropriations of our House of Representatives. A proposal to cut out low-income energy assistance, a cut of \$1 billion that helps over four million low-income households pay their winter heating bill; a proposal to eliminate the summer jobs program that helps 530,000 disadvantaged young

people; cut school-to-work by \$100 million; cut \$250 million from the President's request for training and job opportunities for poor young people; cut Title I by \$437 million, that would eliminate reading and math help for 520,000 disadvantaged children; cut \$140 million for mentoring and tutoring. The list is too long. I do not have time to go through all the cuts.

We are right back to where we started from three years ago: tax cuts for the wealthy, paid for by cuts on the poor and the middle class. That is the program of the Republican Party. They are right back at it. We are right back where we started from. There is plenty of time for tax cuts for the wealthy; there is no time for the middle class, there is no time for the poor.

I urge Members to vote for the motion to be offered by the gentleman from Washington (Mr. MCDERMOTT) to recommit that will take out this ill-considered, wrongful tax cut for the wealthiest of the wealthy. We can do that this afternoon.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. COLLINS), another respected member of the Committee on Ways and Means.

(Mr. COLLINS asked and was given permission to revise and extend his remarks.)

Mr. COLLINS. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, as one small representative, I rise in support of this conference report. This legislation will provide many new protections to ensure that IRS abuse ends.

Mr. Speaker, no citizen should fear their government nor any agency of their government. Unfortunately, today, many citizens fear the IRS.

Mr. Speaker, I rise today on behalf of the residents of the Third District of Georgia who are tired of being threatened and harassed by IRS agents. Throughout the hearing process on this legislation we heard example after example of how certain IRS employees believe they have the authority to threaten, harass and intimidate individuals involved in tax disputes. Mr. Chairman, this is wrong and it must be stopped.

Not every IRS employee is unscrupulous. There are indeed many who work with constituents to fairly resolve tax disputes. However, even in Georgia there are agents who routinely abuse and intimidate citizens.

Mr. Speaker, any member of this chamber could use all of the debate time just citing cases where citizens have been harassed by agents.

In my District, there was a retired couple making monthly payments on a tax debt that had arisen because the government had failed to withhold the proper amount of taxes from the husband's government retirement check. After working out a pay plan with the IRS, the gentlemen actually overpaid each month in order to pay the debt quickly.

Unfortunately, he died before doing so and the IRS wasted no time coming after his wife. To compound problems, the IRS had failed to properly credit the payments he had made against his tax debt. So, his wife was faced

with an inflated tax bill, compounded by interest and penalties the IRS incorrectly added to the total.

The IRS demanded full payment of three thousand dollars which she could not afford. This poor woman was hounded by an individual agent who literally told her she was spending too much money on groceries and other basic necessities and should instead send those monies to the IRS. Eventually, she was forced to move out of her home and leave the state to live with a relative. There she re-filed her taxes and found an IRS office willing to fairly resolve her case. She settled the case by paying four hundred and fifteen dollars, rather than the three thousand she was told she owed by the Georgia agent.

While her case was eventually resolved, the unnecessarily long process, and the abusive approach by the IRS completely changed her life forever.

Mr. Speaker, this legislation will provide many new protections to ensure that these abuses end. No citizen should fear their government—or any agency of their government such as the IRS.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. ETHERIDGE).

Mr. ETHERIDGE. Mr. Speaker, I rise today in support of this bill to reform the Internal Revenue Service. I want to thank my friend, the gentleman from New York (Mr. RANGEL) for yielding this time, and also the gentleman from Texas (Chairman ARCHER).

Mr. Speaker, it is a great day for America and a great day for North Carolina taxpayers and working families. We are eliminating the cruel and unusual punishment that has been inflicted upon too many law-abiding citizens and businesses. Americans will finally have the comprehensive reform of the IRS that they deserve.

Working families and small businesses in North Carolina and across this country face enough challenges in their lives without the added burden, as we have heard, of some of the IRS agents; not all, but some. If a criminal has a right to the presumption of innocence in our courts, the American taxpayer should at least have that same right when they are dealing with the IRS and their government.

I am glad this Congress has given the highest priority to reforming the IRS. That is why in April I coauthored a bipartisan letter with Democratic freshmen members of this class of Congress in urging Congress to pass IRS reform this year.

Today this Congress takes a strong bipartisan step forward for working families by enacting the first comprehensive reform of the IRS since 1952. I am pleased to support this bill to reform the IRS, which will make our government fairer and more efficient for the hard working, God-fearing citizens of North Carolina and America.

Mr. Speaker, I do hope we will vote for the motion to recommit, to take out the portions of this bill that should not be in it, so it truly will be fair to Americans.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. FOSSELLA).

Mr. FOSSELLA. Mr. Speaker, I thank the distinguished gentleman for yielding me time.

Mr. Speaker, from time to time we come across what I guess you could call a no-brainer. It took about 46 years for our good friend, the gentleman from Ohio (Mr. PORTMAN) to identify what we are here today to accomplish, and that is to implement a no-brainer.

I think the people of this country owe a great deal of gratitude to the chairman of the Committee on Ways and Means, in addition to the gentleman from Ohio (Mr. PORTMAN). This is a great day for the people of Brooklyn and Staten Island, indeed, across America, the taxpayers who fear the IRS so much. It is about time that we put in place mechanisms whereby the IRS is responsible and they respect the average taxpayer.

Why is it that almost half of the Americans fear more going to the IRS or receiving an audit from the IRS than going to get a root canal from a dentist, respect for dentists of this country notwithstanding? That is the reality. It is amazing that it took so many years for the conventional common sense and wisdom of this country to find its way here to Washington.

But, thankfully, I guess today we see the result of people working together, with the lead of the majority here, working together to do what is right for the people of this country, to do what is right for the people of Staten Island and Brooklyn. No longer will they have to fear the local IRS agent. The benefit of doubt, the presumption of innocence, shifts to where it belongs. The country that was founded on liberty and justice somehow, when it came to the IRS, got lost.

What wonderful news. Today you can rejoice, the IRS is finally reformed. But, never forget, that is the arm that does the bidding of the body. That body is the Tax Code that is just simply out of control. Now that we have reformed the IRS, let us continue the real and serious work of reforming our Tax Code to create true and economic growth and wealth in this country once and for all.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. TRAFICANT), a true crusader for taxpayers' rights.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio.

The SPEAKER pro tempore (Mr. PEASE). The gentleman from Ohio (Mr. TRAFICANT) is recognized for 3½ minutes.

Mr. TRAFICANT. Mr. Speaker, I thank the gentlemen for yielding me this time.

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

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

Mr. ARCHER. Mr. Speaker, Members of this Congress should know that the gentleman from Ohio (Mr. TRAFICANT)

led the fight for shifting the burden of proof, and it was because of the gentleman that I put it in the bill in the Committee on Ways and Means. It was not in the Restructuring Commission's recommendations. The gentleman further led the fight to assure that homeowners would not be thrown out of their home without a court order.

□ 1630

I put that in the bill as a result of his importuning, because he was right. He deserves a lot of credit for those two provisions in this bill.

Mr. TRAFICANT. Mr. Speaker, I want to thank the chairman, for it is a great day for all of America and a happy day for me, and in one way a sad day, that in over 12 years I could not get this done through my own party. I could not even get a hearing.

I want to thank the chairman, the gentleman from Texas (Chairman ARCHER), and I think he told it like it is. I think without the gentleman from Texas (Chairman ARCHER), we would not be changing the burden of proof in the tax case today, and I don't think we would have these added protections for homeowners. I want to thank the gentleman.

I want to thank the gentleman from New York (Mr. CHARLIE RANGEL). If he were chairman we would have had a hearing, and I would have had a better shot. I would just like to say this, the IRS for years has prided themselves on the fact, and they have literally been quoted as saying, that fear is important, and without fear we will not have compliance.

I think my friend, the gentleman from Georgia (Mr. MAC COLLINS) told it the way it was and the way it is. Fear is a term associated more with totalitarian forms of government, Mr. Speaker, not democracies. Alex Council committed suicide, and Attorney Bruce Barron committed suicide, out of despair and fear.

Today I think we provide an opportunity where Americans do not have to fear their government, and as the gentleman from Georgia (Mr. COLLINS) so eloquently stated, no American should fear our government. It is our government. I want to thank the gentleman from Texas (Chairman ARCHER) for putting those two provisions in the bill.

Let me say one last thing. The taxpayers still must comply and still must have records, but the day where they can have that old Bogart program, to put them under the gun because they have the burden of proof, is over. No taxpayer can prove a negative. No taxpayer should have to prove a negative.

I am proud to support this bill. I want to thank the gentleman from Texas (Chairman ARCHER) for all his help.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. DREIER), a respected member of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank my very good friend for yielding time to me.

If he had not yielded me the full time, I would have called on my equally dear friend, the gentleman from New York (Mr. RANGEL), and I am sure he would have gladly given me a minute.

Mr. Speaker, I rise in strong support of this conference report, and to congratulate all those who have been involved in this issue, and to say that I am particularly pleased about a number of items that really transcend the issue of IRS reform.

For starters, I believe that one of the most unfortunate aspects of the 1997 tax bill was this ridiculous, preposterous, bureaucratic 18-month holding period. The Schedule D provisions provided my constituents and all Americans who dealt with the issue of capital gains a great burden.

So for us to make the change which the conference did in this bill is, I think, a very important and beneficial one. I congratulate the committee for having taken that action.

Mr. Speaker, I would like to take just a moment, if I might, to engage the chairman in a colloquy on one issue that has, I understand from the report that he has given me, not been discussed so far on this. That happens to be what I believe to be one of the most brilliant truth-in-advertising changes that has been made, that being the shift from this so-called most-favored-nation trading status, and it specifically relates to the People's Republic of China, as the debate around this place goes.

We all know that there are only five countries on the face of the Earth that do not enjoy what is now called most-favored-nation trading status with the United States. We are changing the arrangement with the People's Republic of China as we proceed with this debate to correctly call it what it is, normal trade relations.

When we were debating the rule on this conference report earlier today, one issue came to the forefront which one of our colleagues said was snuck in at the last minute, and that no one knew about it.

Mr. Speaker, I would just like the chairman to, if possible, explain as to whether or not this was snuck in and how it worked out.

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

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

Mr. ARCHER. Mr. Speaker, I think it is important, number one, that we have terminology that fits the facts, as the gentleman has said. What has been called MFN or most-favored-nation actually merely means normal trading relations.

Toward the end of the conference both the gentleman from New York (Mr. RANGEL) and I and Senator ROTH and Senator MOYNIHAN, on a bipartisan basis, agreed that it would be appropriate to do this, and to do it in this bill so it could get done and get in place. It changes no substance in the law.

Mr. DREIER. I would ask the gentleman, Mr. Speaker, is it not true that this has been discussed widely for a number of years? Many people around here have been saying we must change this name so people can understand exactly what it is.

Mr. ARCHER. Exactly.

Mr. DREIER. I thank the chairman for his explanation.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Maryland (Mr. HOYER).

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

Mr. Speaker, I rise, I would tell the gentleman from Texas (Mr. ARCHER), with the intention to support this bill when the roll is called. I was one of those who did not support this bill as it went to the Senate. I was very concerned about what the final product would be. I want to congratulate both the chairman and the ranking member for improving this bill as it came back. I think that is a good thing.

I want to rise, however, to say that this bill is a continuation of IRS reform, and to congratulate Secretary Rubin, Deputy Secretary of the Treasury Summers, and Carl Rossotti who, like all of us, have seen the need to bring both management reform and procedural reform and taxpayer sensitivity to the IRS.

Secretary Rubin is the first Secretary of Treasury with whom I have served since 1981 who has paid attention to the management issues at IRS. He formed, in 1997, a management board. He also made the determination to bring on a professional manager, Charles Rossotti, the founder and chairman of American Management Systems, and brought on as commissioner for a term. That change was a critically important change.

It is well and good that we amend the law so that we put forth a system that will reform the IRS management and the IRS dealing with taxpayers. But what is critically important is that we have on board personnel committed to that objective.

Secretary Rubin and this administration have done that. I think this legislation, in concert with the reforms that are ongoing and have been affected by the Clinton administration and Secretary Rubin, will make a very substantial, positive impact on the taxpayers of America. For that reason, I intend to support this legislation.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. SHAW), a respected member of the Committee on Ways and Means.

Mr. SHAW. I thank the chairman for yielding time to me, Mr. Speaker. I would like to thank the gentleman from Texas (Chairman ARCHER), the gentleman from Ohio (Mr. PORTMAN), and the gentleman from New York (Mr. RANGEL), all that had anything to do with forming this much-needed legislation in the Committee on Ways and Means in the House of Representatives,

in which I am proud to serve, which was very aggressive in bringing about this legislation.

This legislation really was born here in the House and moved forward. The Senate had some very good hearings and then we, of course, went to conference. Now we have come up with a really fair, much fairer, process in dealing with the Internal Revenue Service.

I think so many people did not realize that prior to this legislation, any conference they had with their certified public accountant was not at all privileged, and that their accountant could be subpoenaed to testify against them in a court of law. Now we have just about given the same privilege that an attorney has, an attorney-client privilege, to an accountant-client privilege. I think that is tremendously important. The doublet is something we cherish here in America.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BENTSEN).

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I thank the gentleman from New York for yielding time to me.

Mr. Speaker, I rise today in strong support of H.R. 2676, the conference agreement to reform the Internal Revenue Service and better protect the rights of taxpayers. I am proud to have been able to cosponsor the original legislation.

Americans recognize that paying taxes is a civic duty, but our tax laws and tax collectors must be fair so Americans will feel good about paying their taxes and not bullied. Besides voting, this is the only time most Americans deal directly with the Federal Government. We should make the experience as painless as possible.

This legislation goes a long way towards changing the organizational culture of the IRS to make it more customer-friendly. It compels the IRS, through a system of penalties and incentives and new checks and balances, to do a better job in going about its mission of collecting taxes. Better management and better technology will improve the IRS's ability to serve its customer, the American taxpayer.

The hearings held by the Senate Finance Committee illuminated the spectrum of abuses by IRS tax collectors, and made this legislation imperative. The abuses highlighted last year are simply unacceptable. No reason exists for any American citizen to be trapped in a 19th century Kafkaesque novel when paying their taxes. No taxpayer should be subject to haphazard rules or the whims of government agents.

The most important and significant accomplishment in this legislation is shifting the burden of proof from the taxpayer on to the IRS. The burden of proof is shifted from the taxpayer to the IRS in disputes in civil tax court proceedings. Under current law, the

taxpayer, not the government, is required to prove innocence in Federal tax cases. This new law would require the government to prove guilt.

The bill creates an independent 9-member board to oversee the IRS and develop strategy for the agency. Further, the IRS commissioners will be able to recruit private sector management experience through an adjustment in the pay scale. The burden of proof will be shifted to protect innocent spouses who have no knowledge that their former spouse had underpaid taxes.

Additionally, it expands the taxpayer bill of rights, which will include the right to sue the IRS for damages of up to \$100,000, make more cases eligible for resolution in a tax version of small claims court, and provide clinics for low-income taxpayers.

Mr. Speaker, there are many good people at the IRS, but this bill makes them accountable to those for whom they work, the taxpayers.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Nevada (Mr. ENSIGN), again, a respected member of the Committee on Ways and Means.

(Mr. ENSIGN asked and was given permission to revise and extend his remarks.)

Mr. ENSIGN. Mr. Speaker, first of all, I want to thank the distinguished chairman of our committee who has brought forth this wonderful bill, and of course on the House side, in a bipartisan fashion, especially, the gentleman from Maryland (Mr. CARDIN) and the gentleman from Ohio (Mr. PORTMAN), who brought this bill to our committee. At first it was a little contentious, but I think, working together, we have brought a super bill to the House of Representatives floor.

I do want to make one point, however. This bill only goes so far. Until we completely change the Tax Code, as the ranking Democrat last year, Sam Gibbons, said, that until we completely change the Tax Code, the IRS can never be completely fixed. But at least this bill goes a long way in doing that.

I want to thank the chairman and I want to thank the ranking member for a provision that was put in the bill that especially affects my State. I especially want to thank the Speaker of the House and TRENT LOTT, for making sure that this provision was in the House.

The IRS last year targeted the workers of my State. I represent the State that has the highest number per capita of audits in the country. Something that would have made them, our workers, even more subject to audits was something called the meals tax provision that the IRS targeted the workers in the State of Nevada for.

They wanted to start taxing the meals of people who could not leave their place of employment, and because of the work of the people that I have talked about, and many of the workers from our State who did a big letter-

writing campaign, the workers' meals tax is now going to be dead. We are not going to allow, because of this bill, the workers in our State and States across the country to have their meals taxed. I think it is a great day for the workers in my State, as well as those other States that this bill affects.

The other point that I would like to make, across the country, and we hear this in town hall meetings, that is that the IRS is the only place where you are guilty until proven innocent. This is now not the case under this bill. You are now innocent until proven guilty.

So this is truly a day I think for both parties to celebrate, both parties to take credit, and I am here to just thank the chairman and the rest of the people who have worked on this bill.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New York for yielding time to me, and I thank the gentleman for his work, and certainly the chairman, my colleague, the gentleman from Texas (Mr. BILL ARCHER).

Mr. Speaker, I believe that we are on the right track. We need an Internal Revenue Service that reflects American values and respects American taxpayers. It was not too long ago that I held a hearing on the Internal Revenue Service in my district. The gentleman from New York (Mr. RANGEL) and the attendees were dramatically articulating some of the enormous concerns that this legislation addressed.

An oversight entity is of crucial importance. Houston, although I will not call it the poster child of Internal Revenue Service abuses, it certainly highlighted, when employees wanted to do the right thing, the kind of intimidation that occurred.

□ 1645

The witnesses who came before my hearing highlighted some of the extreme activities of the Internal Revenue Service. This is not to denounce all of the employees, many of whom work diligently every day to assist those taxpayers and who themselves want to do the right thing.

But when we have a physician who is practicing his trade or his profession in his office, and we have the Internal Revenue Service exploding into that office as he is taking care of a patient, immediately asking him to remove himself, lock his doors and get out, when the physician is attempting to explain what he has already done; when we have others of my physicians who have sat down and said that they are prepared to work out their problem, and someone says, "I do not care what you are prepared to work out, we are closing you down"; clearly, I would say that it is now overdue for us to be able to make sure that this is truly a country of the free and the brave.

We are brave to do this and to recognize that the citizens' voices must be

heard. I hope my colleagues will join me in making sure that the IRS respects American values and respects our taxpayers.

Mr. Speaker, I rise to the floor of the House today in support of reforming the Internal Revenue Service to make it more efficient, accountable, modern and taxpayer friendly. Let me echo the words of our President who said, "We need an IRS that reflects American values and respects American taxpayers."

The stories of coercion, corruption and scare tactics of IRS agents that I have heard from my constituents were more than enough for me to endorse IRS reform.

Therefore, I can endorse the opening up of the government for civil liability for taxpayer abuse. This conference report will extend the liability of the government for IRS abuse caused by those who may negligently disregard our tax laws. This is a safeguard that I know taxpayers are demanding and one that I strongly support.

The establishment of an independent oversight board by the President is another provision that I support. There is no doubt that such oversight of the administrative functions of the IRS is necessary after the disclosure of the atrocities that I heard from the citizens in Houston. There were, in fact, cases of possible suicide over the tactics that were used and it is time to end such abuses. The oversight board will have the responsibility to review and advise the Secretary of the Treasury about customer service measures that will make sense. Hopefully, the Board will insure that better service to our constituents. The conference report contains numerous management initiatives, ranging from electronic filing to strengthening the Office of Taxpayer Advocate, that backers say will eventually mean better service for all taxpayers—faster refunds, easier filing, quicker response to questions and problems.

Such oversight is necessary if we are to make the IRS more efficient.

Shifting the burden of proof to the IRS is another practical measure that makes good sense. In every other proceeding where the government is moving against a citizen in a court of law, the government bears the burden of proving the facts. It is high time that the IRS come in line with this time-honored tradition of the government bearing the burden of proof in questions of fact.

This burden of proof will be enforced after the taxpayer has fully cooperated with the IRS with respect to the factual issue. A taxpayer would be required to provide access to the information, witnesses and documents within the control of the taxpayer. This makes the proceeding more in line with every other court proceeding and makes it fair.

This conference report would also correct meaningful measures that will insure taxpayer fairness in IRS audits and collection activities. The common law privilege of attorney-client privilege for those tax advisors authorized to practice before the IRS will not be afforded as it should be. It would also end the use and abuse of summons by the IRS in looking for documents. Under this bill the IRS would be required to make reasonable inquiries and could not issue a summons until it has used other reasonable methods to ascertain where the information it is seeking may be.

The conference report also provides for making more information available to the tax-

payers. It requires the IRS to print and make available to taxpayers explanations that make sense and clarify a variety of complicated matters. Married taxpayers will be alerted to liabilities that they would be jointly liable for even though only one spouse earned the income.

A spouse who may be innocent for the mistakes of another spouse in preparing a tax return will also now be afforded relief from tax liability, interest and penalties. Now a spouse who has nothing to do with the preparation of the return is fully liable for the mistakes. This is wrong and would be corrected by this bill.

I am also pleased Mr. Speaker, that the conference report requires the IRS at least to notify the taxpayer within 18 months of a possible liability, so it could be paid and the interest and penalty clock stopped. If the agency does not provide this notification, penalties and interest on the unpaid tax are suspended. Currently, the agency is so slow that taxpayers may have big penalty and interest bills before they ever learn that they have underpaid their taxes.

I will also support the conference report accompanying the bill because due process provisions are included. In this bill, the agency will only be allowed to seize business property only as a last resort, and a personal residence cannot be seized without court approval.

Again, Mr. Speaker, it is high time that we have the IRS reform that the American people have been calling for. I support this bill and urge my colleagues to vote for it.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. WELLER), a member of the Committee on Ways and Means.

(Mr. WELLER asked and was given permission to revise and extend his remarks.)

Mr. WELLER. Mr. Speaker, let me first begin my brief comments just saluting the gentleman from Texas (Mr. ARCHER), chairman of the Committee on Ways and Means, for his leadership and his tenaciousness in bringing this issue to a head and succeeding. And also I wish to thank the gentleman from New York (Mr. RANGEL), the ranking member, for his bipartisan cooperation.

This legislation is a big victory for the taxpayer. Clearly, reforming the IRS, holding the IRS accountable to those who work hard, live by the rules and pay the bills, is a big victory.

One other big victory that is a key part of this bill was one of those issues that was a quiet issue and became more and more important. I found over the last 3½ years that I have represented the South Side of Chicago and the South Suburbs that I have had a half a dozen constituents contact me every year, usually divorced single moms struggling to raise the kids, and there were cases where a deadbeat dad was a deadbeat taxpayer and the IRS could not find him.

Mr. Speaker, whose door did the IRS show up at to collect the taxes? That of the poor, struggling working, single, divorced mom with the kids whose husband was not paying the child support.

This is a big victory for taxpayers.

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the distinguished gentleman

from Ohio (Mr. KASICH), chairman of the Committee on the Budget.

Mr. KASICH. Mr. Speaker, I just want to take 30 seconds to compliment the gentleman from New York (Mr. RANGEL) and the gentleman from Texas (Mr. ARCHER), chairman of the Committee on Ways and Means.

But Mr. Speaker, I want to pay a special tribute to the gentleman from Ohio (Mr. PORTMAN), my great friend, who the chairman appointed to the task force to get this ball rolling. He has done a great job and has been relentless.

The gentleman is my great friend and I am thrilled this is happening today, and I know this is something that his whole family and country is proud of.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, I have got to admit that portions of this bill leave me somewhat perplexed, while I agree with most of it.

Mr. Speaker, this is the same body that in the past 2 weeks has passed six different pieces of legislation expressing our grave concern as to what the Chinese intentions are towards our Nation. We have a special committee that is looking into whether or not they bribed American officials in order to get hold of American missile technology. The same body that says we will no longer transfer missile technology.

But in the most blatant hurt and wrong that is being done to the American people, a \$50 billion trade imbalance with the People's Republic of China, where they get \$50 billion more of our money each year, where they charge our companies 30 to 40 percent to have access to their markets but we only charge them 2 percent, if we charge them anything, to have access to our markets, that used to be called Most Favored Nation status.

Now, because the American people have caught on to that and a majority of Members of Congress can no longer vote for Most Favored Nation status, because the American people have caught on to this scam, the new scam is we are going to change the name of it. It is now going to be called "normal trading relations."

Mr. Speaker, I would really hope someone would come to this floor and tell me what is "normal" about a \$50 billion trade imbalance? What is normal about giving that same money to people we know are using it for weapons modernization? Because if that is normal, we do not deserve to be here.

If my colleagues are trying to hide that from the American people, it is not going to take them very long to figure out what is going on.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the distinguished gentleman from Washington (Mr. MCDERMOTT), a member of the Committee on Ways and Means.

The SPEAKER pro tempore (Mr. PEASE). The gentleman from Washing-

ton (Mr. MCDERMOTT) is recognized for 3½ minutes.

Mr. MCDERMOTT. Mr. Speaker, I support the bulk of what is in the Internal Revenue Service restructuring proposal that is before us, but I cannot support this legislation in its present form because of the Republican majority's insistence on including a major tax break for the well-to-do in a bill that is supposed to restructure the IRS. The Republican decision to reduce the capital gains holding period from 18 months to 12 months for the well-to-do in this legislation is a gross illustration of the Republican party's priorities.

Given the likelihood that the House and Senate will not agree on anything else tax-related this year, and the fact that there is still no budget resolution in sight, it is probable that this is the last tax legislation that will pass the Congress and be signed into law. Even if the two Houses are to agree on tax legislation before November, there is no way they can pay for their extremist schemes without threatening Social Security by dipping into the budget surplus, a legislative action the President has said that he will veto. If we add that veto threat to the fact we have no budget, we are not going to see more tax legislation.

So what are the Republicans' tax priorities? Elimination of the marriage tax penalty? That was in the Contract on America, but we are going to leave that by the side of the road again. An increase in child tax credit? No. An extension of the research and development tax credit? No. All the Republicans want to do when they have the chance is to guarantee a tax cut for America's wealthiest investors.

Mr. Speaker, I disagree with this new-found philosophy that what is good for Goldman, Sachs is good for the country. While the Republicans are cutting taxes for the top 1 percent of this country, people averaging more than \$600,000 a year, they are gutting important opportunities for America's youth in the Committee on Appropriations.

So here we have the Republican agenda out in the open again for everyone to see. While they bow to the desires of America's elite, they are eliminating funding for summer youth and school-to-work employment programs. While they are boosting the personal profits for America's CEOs, they are eliminating the low-income Home Energy Assistance Program which makes sure that America's poor do not freeze to death in the winter.

Mr. Speaker, I do not know where the rest of my colleagues will be next winter or next summer, but I hope they will be some place where they are enjoying themselves, because if they take away heating assistance for the poor and people die in the winter, if they take away summer jobs for students and work opportunities and we have disturbances and crime, they will be responsible, because all they wanted to

do when they had a chance to make a difference was simply to give a tax break to the barons of Wall Street.

This is bad tax legislation. It is the only piece. And we have had all of this talk about the fact that we are going to remove the marriage tax penalty. There will be no opportunity to do that because they cannot put together a budget resolution. If they cannot do that, we cannot have a reconciliation bill. They will have no way to get at any of the surplus. They will have to raise the taxes on tobacco or somewhere else to get the money to take away the tax penalty on marriage.

Mr. Speaker, I think this shows where the priorities for the Republicans are.

I support much of what is in the Internal Revenue Service (IRS) restructuring proposal now before Congress. The majority of issues which I raised in Committee and on the House Floor regarding the workability of this bill were fixed, thanks to the hard work of the conferees who improved upon both House and Senate versions. However, I cannot support this legislation in its present form because of the Republican majority's insistence on including a major tax break for the well-to-do in a bill that is supposed to restructure the IRS.

The Republican Conferees last-minute addition to the IRS reform legislation that will reduce the capital gains holding period from 18 to 12 months will not reduce the complexity or the size of taxpayer headaches caused by last year's tax legislation. It will not even reduce the size of the taxpayers' capital gains Schedule D tax form by even 1 line. The change simply reduces taxes in a way that disproportionately benefits high-income taxpayers.

TAX INEQUITY

The Republican's decision to sneak this tax cut for the well-to-do into legislation to reform the IRS is gross illustration of the Republican party's priorities. Given the likelihood that the House and Senate will not agree on anything else tax-related this year and the fact that there still is no Budget Resolution in sight, it's probable that this is the last tax legislation that will pass Congress and be signed into law by the President.

Even if the two Houses are to agree on tax legislation before November, there is no way they can pay for their extremist schemes without either threatening Social Security by dipping into the budget surplus legislative action that the President has vowed to veto. Add the veto reality into the tax equation and it makes it even more probable that this is the last tax bill to be signed into law this year.

And what do the Republicans demand as their top tax priority?

Elimination of the marriage tax penalty? No.

An increase in the child tax credit? No.

An extension of the Research and Development credit? No.

All the Republicans want to do when they have the chance is to guarantee a tax cut for America's wealthiest investors.

Well, Mr. Speaker, I disagree with this new-found philosophy that what's good for the partners of Goldman-Sachs is good for the country. While the Republicans are cutting taxes for the top 1% of America's investors—folks averaging \$600,000 a year or more—they are gutting important opportunities for America's youths in the Appropriations Committee.

Just this week, the Republicans reported Appropriations legislation, that one member described as nothing less than "taking from the hides of the weakest and most vulnerable in our society."

So, here's the Republican agenda, out in the open for everyone to see. While they are bowing to the desires of America's wealthy elite, they are eliminating funding for summer youth and school-to-work employment programs.

While they are boosting the personal profits for America's CEOs, they are eliminating the low-income home energy assistance program which makes sure that America's poor do not freeze to death in the winter.

Now, I don't know where the rest of you will be next winter or next summer, but I hope, for your sake, that you are safely hobnobbing at your benefactor's off-shore vacation estates. Because if you take away heating assistance for the poor, and people die; and if you take away summer jobs for students, and there are civil disturbance and crime—you will be responsible because all you wanted to do when you had a chance to make a difference was simply to give a tax break to the barons of Wall Street.

TAX SIMPLICITY

The 1997 Taxpayer Relief Act created a confusing array of capital gains tax rates and added 35 new lines to taxpayers Schedule D tax form. There are potentially five different

rates that can apply to the capital gains of an individual: 10 percent, 15 percent, 20 percent, 25 percent, and 28 percent. The 1997 Act also created two additional tax rate categories, one that will take effect for the 2001 taxable year and another that will take effect for the 2006 taxable year. The schedule required to implement that new policy will add significant additional complexity, and make the 1997 schedule look simple. In addition, increasingly large numbers of taxpayers will have to fill out the complex schedule twice, once for the regular tax and once for the minimum tax.

Even with the Republican Conferee's change, the current capital gains tax schedules and underlying rules for taxation of capital gains remain unnecessarily complex, and will continue to impose on taxpayers (with more than four sales) the burden of spending, on average, 5 hours and 20 minutes preparing the schedules (two hours more than in 1994). For a party that says it wants to terminate the tax code, you'd think they could start by reducing taxpayer forms by at least 1 line.

The worst aspect of current law is that its complexity falls hardest on low- and moderate income taxpayers who invest through mutual funds and real estate investment trust. Led by Representative BILL COYNE (D-PA), Ways and Means Democrats have a proposal (H.R. 3623) that would dramatically simplify the capital gains rules.

COYNE's legislation, modified to be revenue neutral, would substitute a simple 38 percent

exclusion for the confusing array of capital gain tax rates mandated by last year's Act. Such an exclusion has been scored by the House Joint Committee on Taxation as essentially revenue neutral—unlike the Republican plan to drain the Federal Treasury by an additional \$2 billion.

Like the Republican proposal, H.R. 3623 repeals the 18 month holding period requirement. It also goes a step further and would permit depreciation recapture gains on real estate so taxpayers can receive the full benefit of the capital gains tax reduction.

Most importantly, H.R. 3623 simplifies the computation of capital gains taxes for all individual taxpayers by replacing the entire complex 35-line schedule with a single line that would require taxpayers to include 62 percent of their net long-term capital gains on the appropriate line of the tax return.

COYNE's bill also would provide modest capital gains tax reductions for more than 97 percent of individual taxpayers. It potentially could impose modest tax increases on the approximately one and a half million wealthiest individuals in the country. This is not a bad price for its extraordinary simplicity, but may be the reason for some would-be tax code terminators opposition.

The following chart illustrates the impact of the proposed simplification legislation:

Rate bracket (number of taxpayers in bracket)	Rate under current law			Rate under H.R. 2623
	Assets held more than 18 months and net collectibles or recapture gain	Real estate depreciation recapture gain	Assets held at least 12 months but less than 18 months	All capital assets held more than 12 months.
15 percent (61.6 million)	10	15	15	9.3
28 percent (24.0 million)	20	25	28	17.3
31 percent (2.3 million)	20	25	28	19.2
36 percent (1.0 million)	20	25	28	22.3
39.6 percent (0.5 million)	20	25	28	24.5

The IRS restructuring bill to which the Republican provision is attached would mandate that, for tax legislation considered by the Committee on Ways and Means after January 1, 1998, a "Tax Complexity Analysis" must be provided by the Joint Committee on Taxation. Had the law required a complexity analysis of last year's capital gains provisions, the Taxpayer Relief Act would have failed.

Before we close the book on IRS restructuring, let's do everyone a favor by taking a step toward tax code simplification. Inclusion of COYNE's legislation would do just that.

I am committed to working to improve accountability within the IRS and to simplify the tax code to ensure that both taxpayers and tax administrators alike can fulfill their responsibilities with greater efficiency and ease.

Unfortunately, this legislation contradicts my strong belief that our tax code should be equitable and our tax priorities should be progressive. I am unable to support this legislation because of the Republican majority's abuse of these important principles.

Distribution of the Tax Benefits From Shortening the Holding Period for 20% Capital Gains From 18 Months to 12 Months

	Percent
Less than \$10,000	0.0
\$10-20,000	0.1
\$20-30,000	0.3
\$30-40,000	0.5
\$40-50,000	1.0
\$50-75,000	3.8

Distribution of the Tax Benefits From Shortening the Holding Period for 20% Capital Gains From 18 Months to 12 Months—Continued

	Percent
\$75-100,000	4.1
\$100-200,000	14.3
\$200,000 or more	76.1

All 100.0
 Note: figures are at 1999 levels.
 Source: Citizens for Tax Justice, June 24, 1998.

PARLIAMENTARY INQUIRY

Mr. TAYLOR of Mississippi. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. TAYLOR of Mississippi. Mr. Speaker, one of the provisions of this bill is the changing of the term "Most Favored Nation status" with regard to China and changing it to "normal trade relations." That legislation never passed this House. To the best of my knowledge, it never passed the United States Senate.

My parliamentary inquiry is, can something that has been passed and voted on in neither body be included in this conference report?

The SPEAKER pro tempore. Even if the gentleman were raising a timely point of order, all points of order against this matter were waived by House Resolution 490.

Mr. TAYLOR of Mississippi. Mr. Speaker, would the Speaker like to explain to this Member how the highest legislative body this world has ever known can waive its own rules?

The SPEAKER pro tempore. The gentleman's question is not a parliamentary inquiry.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. MCCRERY).

(Mr. MCCRERY asked and was given permission to revise and extend his remarks.)

Mr. MCCRERY. Mr. Speaker, I rise in support of the IRS reform bill and in support of the capital gains simplification measure in the bill.

Mr. RILEY. Mr. Speaker, the devastating storms that swept through Alabama and Georgia on April 8, 1998, left hundreds, if not thousands, of people's lives in shambles.

In a time of tragedy when people are trying to pick up the pieces of their lives and rebuild, the last thing they should be faced with is filing their federal income tax returns.

The IRS did give these taxpayers an extension, but, by law, it must charge them interest on any unpaid taxes from the original due date (April 15, 1998) until the tax is paid.

Mr. Speaker, charging disaster victims interest on their unpaid taxes after the IRS granted

them an extension is irresponsible. That is why I introduced the Disaster Victims Tax Fairness Act. This bill would waive interest assessments against these families.

I would like to commend the Chairman of the Ways and Means Committee for including this important provision in the IRS Restructuring conference report.

It is the right thing to do, Mr. Speaker.

These families need all the help they can get and passage of this bill shows that we in Congress understand that.

Mr. CRANE. Mr. Speaker, I rise in strong support of H.R. 2676, the Internal Revenue Service Restructuring and Reform Act Conference Report.

Number hearings during this Congress have opened up the IRS to public scrutiny. These hearings provided further proof that the IRS is out of control—something too many Americans already knew.

Several witnesses testified only under the condition of anonymity for fear of retribution by rogue IRS agents. Among other abuses, we found that IRS employee performance was measured by the amount of money squeezed out of American taxpayers. This is hardly what we expect of the government of the world's leading democracy.

The Republican-led Congress had enough of the countless stories from our constituents who have been mistreated in their dealings with the IRS and we felt it was high time to rein-in the agency.

H.R. 2676 most importantly shifts the burden of proof to the IRS in disputes with taxpayers over an alleged tax liability. After this bill is enacted into law, no longer will Americans be guilty until they prove themselves innocent before the IRS.

To maintain close scrutiny of the IRS' work, the bill establishes an oversight board comprised mostly of private-sector citizens. The board will also have input into the President's selection of the IRS commissioner.

Other benefits taxpayers will enjoy from the enactment of this legislation include: relief for innocent spouses; elimination of penalties and interest on outstanding taxes in certain circumstances; and the ability to collect damages caused by rogue IRS employees.

In addition, I would like to commend the Chairman of our Ways and Means Committee, BILL ARCHER, for two provisions he added in conference. First, I appreciate the addition of the language of my bill, H.R. 2316, to the conference report. This will correct a misnomer in U.S. trade law. The term "most-favored-nation" has been quite misleading because it has implied that we were extending benefits greater than the normal benefits we extend to our trading partners. The language in the conference report will change the terminology from "most-favored-nation" to "normal trade relations" or "NTR." Rather than misleading the American people, we should call this trade treatment what it really is—merely "normal." My Ways and Means Trade Subcommittee recently marked up H.R. 2316, and the issue has been debated in Congress for years.

Second, the sorely-needed correction to the Administration provision from last year's Taxpayer Relief Act concerning the holding period for capital gains. I agree with the Chairman that the correct holding period ought to be 12, not 18, months for taxpayer to enjoy the lower capital gains tax rates.

Mr. Speaker, I urge my colleagues to support this conference report and hope that the President will sign it into law.

Mr. BLUMENAUER. Mr. Speaker I voted for the initial IRS reform bill, and there are many elements of the bill before us today that I continue to support. I am concerned, however, with several new elements which were introduced into the bill by the majority.

I am concerned that if we are going to reduce the burden on taxpayers, lower-income working families should be included. After all, the taxes these families pay have a much bigger impact on the quality of their lives. This would have been easy to achieve with an increase in the EITC, or even better, with an across the board reduction in social security taxes which would benefit every working American.

Unfortunately, those with higher incomes have been singled out for tax reductions in H.R. 2676. Since it is our struggling working families who have the roughest time making ends meet, I hope the next time we vote on tax relief we won't leave them out.

Mr. WOLF. Mr. Speaker, I rise today to express deep concern about one provision in an otherwise good bill—a provision changing Most-Favored-Nation trading status to Normal Trade Relations. This provision was not part of H.R. 2676 when it was passed overwhelmingly by the House with my support last November. It was not part of the bill passed overwhelmingly by the Senate last month. It was snuck into the conference report at the last minute. How disappointing.

What's the big deal about changing the name of Most-Favored-Nation trade status? MFN has come to symbolize something much more than just nondiscriminatory tariffs. MFN was the rallying cry for many groups and other human rights champions who fought for freedom on behalf of those trapped behind the Iron Curtain during the dark days of communism. MFN has come to symbolize a struggle for freedom of emigration, freedom of religion and human rights.

MFN was the term the Romanian people knew when the United States finally took away nondiscriminatory trade status from Nicolae Ceasusescu—a dictator who was terrorizing his own people, bulldozing churches, turning Bibles into toilet paper, torturing political dissidents, and using those who desired to emigrate as bargaining chips with the West. When we took away MFN, the Romanian people heard about it on Radio Free Europe.

MFN symbolized more than normal trading relations when the United States suspended Poland's MFN status after it invoked martial law in 1983. To the Polish people, suspending MFN was a clear statement that the American people stood with Lech Walesa, the Solidarity movement and all those struggling to throw off the chains of communism.

MFN means more than tariffs to the people of Tibet and China, who desire, but do not have, freedom and basic human rights. To them, awarding MFN to the Chinese dictators without conditions—as the United States has done since President Clinton de-linked trade from human rights in 1994—carries the message that the United States government cares more about trade than it does about human rights.

MFN is more than just a name and that's why many want to change it. Those who support this name change know that the American people are increasingly concerned about extending Most-Favored-Nation status to a country like China which persecutes people of the Christian, Buddhist and Muslim faiths.

They know the American people are increasingly concerned about giving Most-Favored-Nation status to a country that locks up Catholic bishops and priests—some for a decade at a time—for conducting Mass or pledging allegiance to Pope John Paul II.

A country that imprisons Protestant pastors and laypeople for holding Bible studies, house church meetings or distributing Bibles.

A country that allows forced abortion and sterilizations of women as a way to enforce a brutal population policy.

A country which has plundered Tibet, imprisoned and tortured hundreds of Tibetan Buddhist monks and nuns, demolished 4,000–5,000 monasteries, and is destroying the culture of the Tibetan people.

Some who favor this name change—believe it will be easier to convince the American people that our trading relationship with China is normal. But what's normal about a trading relationship which has allowed China to amass a \$50 billion trade surplus with the United States but still restricts most American goods from entering its market.

There's nothing normal about trade relations with China and the American people will not be fooled.

MFN is a symbol of a time when the United States was willing to put principle before profit in our relations with foreign governments. Changing the name today ends that era.

I plan to vote for H.R. 2676 because it increases taxpayer rights when dealing with the IRS and requires the IRS to be more accountable to the Congress and the American taxpayer.

However, I am deeply saddened and concerned that an otherwise good bill has been tainted by this bad provision.

Mr. OWENS. Mr. Speaker, I rise to challenge the conventional wisdom on taxes and to, thereby, give my tacit support for the conference report to H.R. 2676, the "IRS Reform and Restructuring Act." When H.R. 2676 was initially considered in the House last November, I voted for it enthusiastically because it appeared to be a long-overdue form of taxpayer advocacy to protect our citizens. However, the bill that we consider today has remarkably moved from transforming the administration and oversight of the Internal Revenue Service (IRS) for the benefit of the average American taxpayer; today's version of H.R. 2676 includes provisions (not passed by either the House or Senate) which represent an arrogant, back-door effort to reduce taxes for the wealthiest Americans. H.R. 2676 not only reforms and restructures the IRS, but it reforms and restructures tax policy on capital gains, estates, and Roth Individual Retirement Accounts (IRAs). Instead of determining new ways to circumvent taxes on the "unearned" income of the rich, it is time that America's revenue and tax policy stop penalizing the "earned" income of our working families.

It is an undisputable fact that working people are paying the cost of government—practically all of it. Our tax system is set up to pilfer the recipients of "earned" income—wages, salaries, and retirement pay—and protect the recipients of "unearned" income—interest, dividends, rents, and capital gains. Taxes on "earned" income produce 85% of all personal income taxes, with only 15% brought in by taxes on "unearned" income. Moreover, taxes on "earned" income—income and Social Security taxes—bring in over 70% of all Federal

tax revenue, compared to only 9% for “unearned” income. For every dollar of tax revenue produced by “earned” income, “unearned” income brings in only 13 cents.

H.R. 2676 would exacerbate this scenario by adding another unfair layer of protection for “unearned” income. H.R. 2676 would shorten the length of time (from 18 months to 12 months) that an asset has to be held in order to yield a lower capital gains tax rate (from 28% to 20%). It should be noted that unlike “unearned” income, every single penny of “earned” income goes on the tax return and is fully taxed. (The only exception is the income “earned” by low-income people who either make only a few thousand dollars a year or who are eligible to receive the Earned Income Tax Credit.) Yet, H.R. 2676 contributes to the list of humongous loopholes, exceptions, and special provisions for “unearned” income, especially capital gains. This new protection for capital gains will cost the U.S. Treasury \$300 million per year (beginning in the year 2000). Over a 10-year period, this provision in H.R. 2676 will cost more than \$2 billion—all to the benefit of the top 5% of the income scale—individuals who make six figures a year.

H.R. 2676 contains other provisions that would further underscore the regressive makeup of our tax policy. The legislation does not correct an error in the 1997 Balanced Budget Act that decreased taxes on estates with values as large as \$17 million. This tax break would benefit the heirs of a few hundred people each year—the richest 0.01% of Americans. In addition, H.R. 2676 would allow wealthy senior citizens to cut their future taxes by expanding their eligibility for a newer, more financially generous IRA—the “Roth IRA”—after 2004. This provision would cost the U.S. Treasury approximately \$1 billion per year after 2004.

It is unfortunate that Republicans have misused this opportunity to pass a good IRS reform bill and, instead, have authorized new tax breaks for the rich. Already the tax code is rife with flagrant examples of corporate welfare; and H.R. 2676 does nothing to alleviate existing burdens on working families. Corporations used to shoulder 39% of the tax burden while families shouldered 27%. Today corporations only contribute 11% while families contribute 44%. The bank accounts of American families should not be drained to compensate for the untouchable coffers of corporate America. Instead, corporations must be forced to pay their fair share, as well as wealthy individuals.

I challenge my colleagues to step up to the plate, propose fair reform of the IRS, and achieve taxpayer justice by directing the IRS to enforce current laws. Specifically, the bill represents Congress closing its eyes to a continual corporate abuse scheme: corporations are purchasing large quantities of their own stock, which is categorically prohibited by Sections 531–537 of the Internal Revenue Code. Despite the law, hundreds of big-name corporations have been avoiding paying out dividends—and thus avoiding paying taxes on those dividends—by accumulating more than \$275 billion in stock buy-backs. It must be reiterated that it is unlawful for corporate business managers to let profits pile up in the corporation, rather than to distribute them as taxable dividends. If current law were enforced today, an estimated \$70 billion in penalties would be collected by the Federal government. And as evidenced by my personal in-

vestigation of this matter, the IRS is fully aware of these violations, but appears to be too timid to tackle the big corporations who are committing the offenses.

The original version of H.R. 2676 was commendable. The Taxpayer Bill of Rights III, the new 9-member oversight board, the Low-Income Taxpayer Clinics, the national Office of Taxpayer Advocate with its local advocacy offices, and the goal of an 80% electronic filing rate by the year 2007—these represent a movement in the right direction towards the reform and restructure of the nation’s tax collecting agency. What about ensuring that working families take home more dollars so that they will not have to struggle to pay their own bills? The addition of special tax breaks for the rich during the conference committee meetings is an affront to economic justice for all of America’s taxpayers. We can do a better job, and this bill could do more to correct the imbalance in our tax structure.

Mr. GEPHARDT. Mr. Speaker, I would like to express my deep concern about the inclusion in this legislation of an unrelated provision that, while seemingly innocuous and noticed by few, will neutralize a principle that has been at the heart of our nation’s trade policy for decades.

Section 5003 of H.R. 2676 will change the term “most-favored-nation-treatment” to “normal trade relations” in all relevant U.S. statutes. This change in terminology undermines the foundations of a trade policy that has been used to advance U.S. interests for many years. This policy has in part consisted of ensuring that the most favorable terms of trade are accorded to nations with which the United States share similar concepts and practices regarding international commerce. In the past, nations we have deemed to be unworthy of this status include communist regimes and regimes that engaged in particularly oppressive acts against their citizens, such as Poland’s martial-law government in 1982.

It is unfortunate that over the past several years, our government has refrained from using MFN status as a tool to advance U.S. interests broadly or, at a minimum, obtain important commitments from our trading partners. I am particularly disappointed that we have not effectively conditioned or cut off MFN status for China in the aftermath of the 1989 Tiananmen Square massacre. Our government’s recent pattern of behavior in this regard, however, is no reason to now strip this tool of the nomenclature that conveys the purpose for which it was originally intended. And given the context in which this change of terminology has been proposed this year—that is, in connection with once again renewing MFN status for China—I am convinced that it is an attempt to semantically extinguish the values that should be at the core of our policy toward China and all other nations.

Earlier this week, I conveyed these concerns to the Chairman of the Ways and Means Subcommittee on Trade, as that subcommittee prepared to consider this proposal as a stand-alone legislative measure. I believe that a legislative change of this significance should be debated separately from the IRS legislation to which it has been attached. But again, I fear that the manner in which this serious issue has been presented to the House is a maneuver to neutralize its importance to our trade policy and the values that should underlie it. I submit for the RECORD a copy of my

letter to the Chairman of the Ways and Means Subcommittee on Trade.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES, OF-
FICE OF THE DEMOCRATIC LEADER,
WASHINGTON, DC, JUNE 23, 1998.

Hon. PHILLIP M. CRANE,
*Chairman, Subcommittee on Trade, Longworth
House Office Building, Washington, DC*

DEAR MR. CHAIRMAN: It is my understanding that today the Trade Subcommittee will be marking up a bill to change the terminology of “most favored nation” (MFN) to “normal trade relations” (NTR). I remain concerned that changing this widely accepted trade designation would be misleading and ill advised. Why would we want to overturn years of U.S. commercial law, primarily to send a gesture that we desire “normal trade relations” with China?

The fact is that China is not a normal trading nation. It is not even a market economy; it is a communist centralized economy. While we grant China MFN on a yearly basis, we receive little in reciprocal trade benefits from China. The ever ballooning trade deficit with China, up more than 175% since 1992, proves that Chinese markets remain closed to U.S. goods and services. This year, the U.S. is projected to have a \$60 billion trade deficit with China.

Unacceptable Chinese behavior on a whole host of important issues like human rights, proliferation, religious freedom, Tibet, organ sales, forced abortion, trade and labor rights should preclude any preferential trade designation from the U.S. We need to use our leverage in the trade relationship and in other areas to press for changes in these unacceptable Chinese practices. However, if this measure passes, we would be unilaterally placating China.

Make no mistake. It is a preferential trading status that countries like China receive when the President makes a special request for a waiver from Jackson Vanik. When the U.S. grants MFN, nonmarket nations gain benefits from the U.S. that are often unilateral in nature. For example, China was granted \$1 billion in annual tariff concessions when the WTO Uruguay Round went into effect, because it receives the MFN designation.

Let us continue to debate MFN on the merits. Rather than attempting to confuse the U.S. public and our allies with this new and inaccurate NTR designation, it would be better to acknowledge that problems remain across the array of political, economic and security issues in our bilateral relationship with China.

Real engagement means communicating honestly with China about the problems and the positive aspects of our bilateral relationship. To say that the U.S. has “normal trade relations” with China is disingenuous and suggests that China’s current behavior is acceptable to the U.S. I continue to believe that China can and must do better to earn the “most favored nation” designation from the U.S. Let’s not change the terms of the debate just to get China off the hook.

Thank you for this opportunity to express my views.

Sincerely,

RICHARD A. GEPHARDT.

Mr. POSHARD. Mr. Speaker, I rise today in support of this landmark legislation, which provides for long-overdue reform and restructuring of the Internal Revenue Service. I am pleased that my colleagues have been able to address this important issue in a largely bipartisan manner, and I believe that the finished product will go far in giving American taxpayers the rights and protections they deserve.

First, this bill includes many provisions that will insure the IRS and its employees are held accountable for their actions. It creates a nine-member board to oversee IRS administration, management, execution and application of internal revenue laws and provides for discipline of IRS employees for misconduct or violations of IRS rules or taxpayer rights.

Secondly, this measure codifies and strengthens the rights of taxpayers in many significant ways. The IRS, rather than the taxpayer, will now bear the burden of proof in most tax disputes. Moreover, taxpayers will be allowed to sue the government for civil damages caused by the negligent disregard of tax laws by IRS employees. I am also pleased to note that it will be more difficult for an individual to be held responsible for mistakes made on a tax return by his or her spouse.

At long last, the American taxpayer can look forward to being treated with respect and common sense by an agency which will finally be subject to meaningful standards of responsibility and accountability. I urge my colleagues to support passage of the conference report before us, so that our constituents might finally be able to reap the benefits of desperately-needed reform.

Mr. COYNE. Mr. Speaker, I rise in support of the Internal Revenue Service Restructuring and Reform Act of 1998, which will expand significantly our system of taxpayer protections as well as equip the Internal Revenue Service (IRS) for the challenges of the 21st century. It has been over forty years since the Congress considered major reforms to the IRS, with the last being the 1952 reorganization. This legislation provides for a sweeping overhaul of the nation's tax agency and in doing so, creates the necessary foundation for the IRS to transform itself into the efficient and service-oriented agency demanded by the taxpayers. In adopting this bill, we should also not lose sight of the many hardworking and dedicated IRS employees, whose ability to serve taxpayers better will now be enhanced.

The Congress and the Administration have worked for nearly two years in developing this legislation. This achievement arises from the year of intensive work by the National Commission on Restructuring the Internal Revenue Service, of which I was privileged to be a member. Among its many activities, the Commission held 12 public hearings, three field hearings and visited six IRS Service centers. We also interviewed more than 500 hundred individuals, including both current and former IRS employees and managers, congressional committee members and staff, executive branch officials, academics and public sector advisors. Above all, we sought to determine what were the most common problems that average taxpayers experienced with the IRS.

In turn, it was the responsibility of the Congress and the Clinton Administration to translate into legislation the many constructive ideas generated by the Commission. In this respect, I want to thank the Administration, and in particular Treasury Secretary Rubin, Commissioner Rossotti, and their respective staffs, for their major contribution to the development of this legislation. Since the first IRS restructuring bill was introduced last summer, the Treasury Department and the IRS have worked closely with the House and Senate tax-writers to insure that the bill will be effective from a tax administration and tax policy standpoint. In doing so, they refined and im-

proved upon many of the proposals. Equally as important, we could not have completed this legislation without the House and Senate tax-writing Committees, and my fellow conferees, working together in a consistently bipartisan fashion.

The conference report achieves the major objectives that were established by the Commission, by streamlining IRS governance and management, improving taxpayer protections and rights, expanding electronic tax filing and enhancing Congressional oversight of the IRS.

Concerning IRS governance and management, the legislation creates a new IRS Oversight Board composed of six private-life members, the Treasury Secretary, the IRS Commissioner and an individual representing IRS employees. The IRS Commissioner is given new authority for managing the IRS, including personnel flexibilities to reorganize the agency and to hire experts at expanded pay-grades. The bill also increases the direct accountability of IRS employees to the Commissioner. To improve Departmental oversight of the IRS, the bill creates a new Treasury Inspector General for Tax Administration.

Consistent with prior Taxpayer Bill of Rights measures, the Conference Report greatly expands taxpayer rights and protections. The bill provides "innocent spouse" relief to taxpayers based on a more generous, current-law system of equitable relief, and to divorced, legally-separated and married taxpayers living apart for more than one year, based on a system of proportionate liability. This relief applies to all cases that are still open before the IRS. The legislation also shifts the burden of proof in tax court proceedings to the IRS as long as the taxpayer introduces credible evidence, complies with record keeping rules and cooperates with reasonable IRS information requests.

The legislation also modifies several interest and penalty rules, including the suspension of interest, and some penalties, when the IRS does not notify the taxpayer within 18 months of a return filing due date. This time requirement is reduced to 12 months in the year 2004. The bill also grants increased due process protections in IRS collection actions, including notification and appeals in liens, levies and seizures, and also requires court approval prior to the seizure of a principal residence. Among its other protections, the conference report expands the authority of the IRS Taxpayer Advocate, liberalizes the awarding of attorney fees in tax cases, authorizes low-income taxpayer clinics and expands rules for providing installment agreements and offers-in-compromises.

Vital to a 21st century IRS, the conference report expands electronic tax return filing systems by eliminating certain related paper submissions, authorizing signature alternatives and providing electronic filing goals and incentives. These measures, along with a modernized IRS computer system, should result in better service for all taxpayers, including faster refunds, easier filing and a more responsive system for answering taxpayer inquiries.

Lastly, to increase Congressional oversight of the IRS, the bill provides for five annual joint House-Senate hearings on the agency, and requires a complexity analysis to be included in each tax bill reported out of the tax-writing committees.

While the Conference Agreement is fully paid for over 10 years, I am concerned about

several revenue provisions which are used to fund this legislation. Most notably, the revisions to the Roth IRA will lose substantial revenue starting in the year 2008, just when the baby boom generation will place additional burdens on Social Security and Medicare. I also object to the replacement of the current 18-month long-term capital gain holding period with a 12-month holding period. This provision will cost \$2 billion over 10 years, provide no real simplification, and may increase incentives for stock speculation that the current holding period was intended to prevent. On numerous occasions, I objected to some Republican's insistence that the IRS employee representative not be granted conflict-of-interest waivers that are necessary to ensure the full participation of this Board member. However, as agreed to by the conferees, I am now confident that the President will have the authority to provide appropriate waivers when submitting the nomination to the Senate.

Mr. Speaker, the IRS Restructuring and Reform Act of 1998 adopts proposals that respond to the most common problems that taxpayers face with the IRS. However, I remain concerned that some of the provisions may be very difficult for the IRS to administer. While this bill offers many constructive measures, we will need to monitor closely how these provisions are implemented by the IRS and assist this agency by simplifying the tax code wherever possible.

All of this considered, I believe that this is a good bill, and I urge my colleagues to support its passage.

Mr. SHUSTER. Mr. Speaker, I rise in support of H.R. 2676, the conference report on the Internal Revenue Service Revenue and Restructuring Act. I commend Chairman ARCHER, ranking Member RANGEL, Senator ROTH and Senator MOYNIHAN in crafting this important legislation.

In particular, I would like to address Title IX of that Act which includes the text of H.R. 3978, the TEA 21 Restoration Act, with only slight modification. The TEA 21 Restoration Act restores inadvertent errors and provisions that had been agreed to by the Conferees but mistakenly not included in the conference report on the recently-enacted Transportation Equity Act for the 21st Century—TEA 21.

H.R. 3978 is consensus legislation—it had been worked out in cooperation with the majority and minority in both this body and with the Senate. H.R. 3978 passed the House by unanimous consent on June 3, 1998. It was hoped that the legislation would quickly pass the Senate and be signed by the President at the same time that he signed the TEA 21 law on June 9, 1998. Unfortunately, H.R. 3978 was unable to pass the Senate because of a provision unrelated to the transportation provisions of TEA 21, but instead one that addressed corrections to programs under the jurisdiction of the Committee on Veterans' Affairs.

I am pleased that the Congress is addressing the important items contained in the TEA 21 Restoration Act. I want to thank Chairman ARCHER, Speaker GINGRICH, Majority Leader ARMEY, and Senators LOTT and ROTH for agreeing to include H.R. 3978 in this legislation. I am particularly grateful because while the transportation portions of H.R. 3978 did not have any effect on the federal deficit, one provision relating to veterans' affairs did have a modest impact and it still was included.

I am including a summary of the provisions contained in Title IX.

HOUSE/SENATE JOINT SUMMARY OF TECHNICAL CORRECTIONS TO TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY

This legislation: (1) restores provisions agreed to by the conferees; (2) makes technical corrections to provisions included in H.R. 2400; and (3) eliminates duplicative program authorizations.

This legislation does not change the formula allocations contained in the Conference Report to the Transportation Equity Act for the 21st Century.

The following is a section by section description of provisions included in the TEA-21 Restoration Act:

SECTION 9001 SHORT TITLE

SECTION 9002 AUTHORIZATION AND PROGRAM SUBTITLE

Adjusts funding levels for high priority projects to conform with list in the conference report and to correct other errors.

Adjusts funding levels for Highway Use Tax Evasion projects to allow for implementation of the Excise Fuel Tracking System.

Corrects the obligation limitation levels for mathematical consistency and conforms obligation limitation treatment to current practice for research programs.

Makes other conforming and technical changes such as renumbering sections and correcting cross reference.

SECTION 9003 RESTORATIONS TO GENERAL PROVISIONS SUBTITLE

Restores the National Historic Covered Bridge Preservation program.

Restores the Substitute Project for the Barney Circle Freeway, Washington, DC.

Restores Fiscal, Administrative and Other Amendments included in both House and Senate bills.

Removes section 1211(j) regarding winter home heating oil delivery.

Makes technical corrections to section 1211, Amendments to Prior Surface Transportation laws and section 1212, Miscellaneous Provisions.

Clarifies program funding categories for Puerto Rico and continues current law penalties for Puerto Rico for non-compliance with the federal minimum drinking age requirements.

Clarifies that contract authority is authorized for provisions contained in section 1215, Designated Transportation Enhancement Activities.

Modifies Sec. 1217(j) to allow for effective implementation of this subsection.

Modifies Magnetic Levitation Deployment Program to clarify eligibility of low-speed magnetic levitation technologies.

Corrects reference to Special Olympics.

SECTION 9004 RESTORATIONS TO PROGRAM STREAMLINING AND FLEXIBILITY SUBTITLE

Restores Discretionary Grant Selection Criteria provisions.

Conforms Environmental Streamlining provisions to include mass transit projects.

SECTION 9005 RESTORATIONS TO SAFETY SUBTITLE

Restores the Open Container Law safety program.

Conforms the Minimum Penalties for Repeat Offenders for Driving while Intoxicated program.

SECTION 9006 ELIMINATION OF DUPLICATE PROVISIONS

Eliminated duplicate provisions for San Mateo County, California, the Value Pricing Pilot Program, and National Defense Highways Outside the United States

Restores the Minnesota Transportation History Network provision.

SECTION 9007 HIGHWAY FINANCE

Updates the Transportation Infrastructure Finance and Innovation Act program to begin in 1999 rather than in 1998.

Conforms the credit levels in the Transportation Infrastructure Finance and Innovation program to agreed upon distribution levels of budget authority.

SECTION 9008 HIGH PRIORITY PROJECTS TECHNICAL CORRECTIONS

Makes technical corrections, description changes and previously agreed upon additions to high priority projects.

SECTION 9009 FEDERAL TRANSIT ADMINISTRATION PROGRAMS

Makes corrections to transit planning provisions to conform to provisions in title 23.

Clarifies eligibility of clean diesel under clean fuels program.

Makes technical corrections to section 5309 and clarifies the Secretary's full funding grant agreement authority.

Funds University Transportation Centers authorized under title 5.

Restores requirement that transit grantees accept non-disputed audits of other government agencies when awarding contracts.

Makes corrections to the authorizations for planning, University Transportation Centers, the National Transit Institute and the additional amounts for new starts.

Makes technical corrections, description changes, and previously agreed upon additions to new starts projects.

Makes technical corrections to the access to jobs and reverse commute programs.

Corrects funding level for the Rural Transportation Accessibility Incentive Program and makes other technical corrections.

Makes technical corrections to study on transit in national parks.

Makes corrections to obligation limitation levels.

SECTION 9010 MOTOR CARRIER SAFETY TECHNICAL CORRECTION

Conforms section references for the Motor Carrier Safety program.

SECTION 9011 RESTORATIONS TO RESEARCH TITLE

Adjusts authorization levels for university transportation centers to conform with modifications made in the Transit title in section 9.

Restores eligibility of Intelligent Transportation System activities for innovative financing.

Corrects drafting errors to 5116 (e) and (f). Makes technical and conforming changes to university research provisions.

Corrects references to the Director of the Bureau of Transportation Statistics.

Corrects drafting errors to Fundamental Properties of Asphalts and Modified Asphalts research program.

SECTION 9012 AUTOMOBILE SAFETY AND INFORMATION

Corrects reference to the National Highway Traffic Safety Administration.

Makes conforming changes to provisions in Subtitle D of Title VII.

SECTION 9013 TECHNICAL CORRECTIONS REGARDING SUBTITLE A OF TITLE VII

Makes corrections to offsetting adjustments for discretionary spending limits.

Makes other technical and conforming changes to Title VIII.

SECTION 9014 CORRECTIONS TO VETERANS SUBTITLE

The TEA-21 Restoration Act corrects drafting errors to Sec. 8201.

The provision included in the Conference Report on TEA-21 to use the Veterans smoking-related disability benefits for transportation was drafted incorrectly and had the unintended consequence of identifying smok-

ing as an act of "willful misconduct" by veterans. The provision in the TEA-21 Restoration Act corrects any reference to smoking as an act of "willful misconduct" by veterans.

This provision also clarifies that veterans who have filed claims for smoking-related benefits are grandfathered.

The provision also makes clear that those active-duty service personnel who contract a smoking-related illness while in service continue to qualify for disability compensation.

Another correction in this bill relates to ensuring that survivors and their dependents will receive a 20% increase in education assistance benefits.

SECTION 9015 TECHNICAL CORRECTIONS REGARDING TITLE IX

Makes technical corrections to the Revenue title.

SECTION 9016 EFFECTIVE DATE

Provides for the effective date of this act to conform with the effective date of TEA-21.

Mr. CAMP. Mr. Speaker, I rise in strong support of H.R. 2676, the Internal Revenue Service Restructuring and Reform Act of 1997. Today we have a Republican-led fundamental, comprehensive reform of the IRS. This will help protect taxpayers by increasing oversight, holding IRS employees accountable and insuring taxpayers are treated with fairness.

First, the burden of proof shifts to the IRS in court proceedings—now, finally, you're innocent until proven guilty. Second, innocent spouses will not be held responsible for taxes due—the income-earning spouse will pay. Third, interest and penalty relief is provided in certain cases, where the IRS fails to give the proper notice to taxpayers. Fourth, we prohibit the IRS from seizing a taxpayer's home without a court order. And finally, we permit the taxpayer to collect up to \$100,000 in civil damages resulting from IRS negligence.

These are only a few of the changes in the first IRS reform since 1952. And this bill is only the first step—but it's a big one, and it's a necessary one. Mr. Speaker, H.R. 2676 represents a critical step in returning government to the people we represent. I urge support for this important legislation.

Mr. PACKARD. Mr. Speaker, I rise today in support of H.R. 2676, the Internal Revenue Service Restructuring and Reform Act. The IRS is in desperate need of repair. This out of control agency has not been reformed since 1952 and H.R. 2676 is the first step in the overhauling process.

Our tax system is in need of comprehensive reform. H.R. 2676 is another step in the process to save taxpayers from the burden of the IRS giant. The IRS Restructuring and Reform Act will protect taxpayers by increasing oversight, holding employees accountable for their actions, and creating a level playing field for taxpayer rights.

Mr. Speaker, I am sure we could all share "IRS horror stories" that our constituents have been through. It is time we act on those stories and reform the system. This bill will shift the burden of proof from the taxpayer to the IRS. Too many families pay money they do not owe, and too many times the weakest taxpayers are unfairly targeted by the IRS.

Mr. Speaker, for too long, the IRS has been accountable to no one. It is time we make them accountable to those they serve—the American taxpayer. I urge my colleagues to support H.R. 2676.

Mrs. FOWLER. Mr. Speaker, for many citizens, the IRS stands for precisely what is

wrong with our federal bureaucracy. Over the last few months, we've heard horror stories from our constituents about experiences they have had with the IRS. This is an agency that has had the ability to completely tear down a person's life, change their entire financial outlook and wreak irrevocable damage, sometimes with no further provocation than a computer glitch or a record-keeping problem.

I know that there are many hardworking, conscientious, and caring individuals who work for the Internal Revenue Service, but the current system is simply not working the way it should. Where else but in the massive bureaucracy of the IRS is a person guilty, until proven innocent.

This legislation will make long-overdue and necessary changes to the IRS, shifting the burden of proof to the agency in tax liability disputes, providing crucial relief to innocent spouses who have become unsuspecting victims of the IRS, and establishing an independent oversight board.

This bipartisan bill will also take several important steps to lower the tax burden on individuals who are trying to plan for retirement, save for their children's college tuition, or buy a home by reducing the capital gains tax rate.

Federal Reserve Board Chairman Alan Greenspan once said himself that, (quote) "the capital gains tax is the poorest way to raise revenue." He went on to say that it is "counterproductive to long-term economic growth which affects all American society." Indeed, since Republicans paved the way for the capital gains reduction in the Taxpayer Relief Act of last year, our economy has boomed and now the Congress is fortunate to be debating how to use billions of dollars expected in surplus revenues.

Mr. Speaker, I support the capital gains reduction and the overall legislation and urge my colleagues to do the same. It is a common sense way to restore power to our citizens and bring about changes that will make the IRS more efficient, accountable, effective, and taxpayer-friendly.

Mr. SMITH of New Jersey. Mr. Speaker, I intend to vote in favor of the conference report, because we need a more taxpayer-friendly IRS. But I cannot cast my vote without stating my strong objection to the provision that changes the name of "Most Favored Nation" status (MFN) in an attempt to sugar-cost the practice of giving trade concessions to thugs and murderers.

It is hard to know what is worse about this provision: its deplorable substance, or the sneaky and underhanded way in which it has been adopted. This provision was inserted in the dark of night, just a few hours before the Rules Committee met on this bill. It was known to be controversial on both sides of the aisle, but opponents were given no warning—not a day, not an hour, not a minute's warning—that it might be inserted into a bill we all strongly support. And it has nothing at all to do with IRS reform. It is irrelevant, non-germane, out-of-scope, and contrary to the rules of the House.

On the merits, the "normal trade relations" provision substitutes an ideological slogan for a technically accurate term that is hundreds of years old and is universally accepted in international law and practice. When we sign an MFN agreement with a foreign nation, we do not and will not agree to give that nation something called "normal trade relations."

That term is meaningless in international law. What we do in these agreements, and will continue to do even after this provision is adopted, is agree to give that nation the same treatment as we give the nation that is "most favored" under our laws and treaties. So the name change is an international embarrassment—done for the sole purpose of making it politically more palatable to give MFN to China, or in the future maybe to other totalitarian dictatorship such as Viet Nam or North Korea.

Mr. Speaker, maybe we can change the politics of this issue by changing its name, but we can't change the facts. A government that murders and tortures people for their political and religious beliefs, that forces women to undergo abortion and sterilization, that executes prisoners in order to sell their body parts, that steals jobs from American workers by producing goods in forced labor camps, is not a "normal" government—and thank God for that. Unfortunately, what this provision says is that doing business with such a government should be "business as usual."

Mr. Speaker, if we had a fair and open debate on this provision, I would move that instead of changing the name of MFN to "normal trade relations," we call it something more accurate, like "dollars for dictators."

Again, Mr. Speaker, I will vote for the conference report because I strongly support IRS reform. The legislation shifts the burden of proof from the taxpayer to the government. It creates an independent civilian review board to oversee the IRS. It requires IRS to be less arbitrary and to provide more due process before it seizes taxpayers' property. And it reduces the capital gains tax. These are all important victories for the American taxpayer. It's just too bad that we are also handing a victory to Beijing and Hanoi and to their partners and cheerleaders here in the United States.

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

MOTION TO RECOMMIT OFFERED BY MR. MCDERMOTT

Mr. MCDERMOTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. MCDERMOTT. Yes, I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MCDERMOTT moves to recommit the conference report on the bill H.R. 2676 to the committee of conference with instructions to the managers on the part of the House to disagree to section 5001 (relating to lower capital gains rates to apply to property held more than 1 year) in the conference substitute recommended by the committee of conference.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MCDERMOTT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The SPEAKER pro tempore. The Chair will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the conference report.

The vote was taken by electronic device, and there were—yeas 116 nays 292, not voting 26, as follows:

[Roll No. 273]

YEAS—116

Abercrombie	Gutierrez	Obey
Allen	Hastings (FL)	Olver
Andrews	Hefner	Ortiz
Baldacci	Hilliard	Owens
Barrett (WI)	Hinchey	Pallone
Becerra	Hoyer	Payne
Blagojevich	Jackson (IL)	Pelosi
Blumenauer	Jackson-Lee	Peterson (MN)
Bonior	(TX)	Poshard
Borski	Jefferson	Price (NC)
Brady (PA)	Johnson, E. B.	Rahall
Brown (FL)	Kanjorski	Rangel
Brown (OH)	Kaptur	Rivers
Cardin	Kennedy (RI)	Rodriguez
Carson	Kildee	Royal-Allard
Clyburn	Kilpatrick	Rush
Conyers	Kind (WI)	Sabo
Costello	Klink	Sanders
Coyne	Kucinich	Sawyer
Cummings	LaFalce	Scott
Davis (IL)	Lantos	Skaggs
DeFazio	Lee	Smith, Adam
DeGette	Levin	Snyder
Delahunt	Lipinski	Spratt
DeLauro	Luther	Stark
Dicks	Manton	Stenholm
Doggett	Matsui	Stokes
Dooley	McDermott	Strickland
Edwards	McGovern	Stupak
Engel	McHale	Thompson
Etheridge	Meek (FL)	Tierney
Evans	Meeks (NY)	Towns
Fattah	Menendez	Vento
Fazio	Millender	Visclosky
Filner	McDonald	Waters
Ford	Miller (CA)	Waxman
Frank (MA)	Minge	Wise
Furse	Mink	Yates
Gejdenson	Nadler	
Gephardt	Oberstar	

NAYS—292

Ackerman	Bryant	Danner
Aderholt	Bunning	Davis (FL)
Archer	Burr	Davis (VA)
Armey	Burton	Deal
Bachus	Buyer	DeLay
Baesler	Callahan	Deutsch
Baker	Calvert	Diaz-Balart
Ballenger	Camp	Dickey
Barcia	Campbell	Doolittle
Barr	Canady	Doyle
Barrett (NE)	Cannon	Dreier
Bartlett	Capps	Duncan
Barton	Castle	Dunn
Bass	Chabot	Ehlers
Bateman	Chambliss	Ehrlich
Bentsen	Chenoweth	Emerson
Bereuter	Christensen	English
Berry	Clayton	Ensign
Bilbray	Clement	Eshoo
Bilirakis	Coble	Everett
Bishop	Coburn	Ewing
Bliley	Collins	Farr
Blunt	Combest	Fawell
Boehrlert	Condit	Foley
Boehner	Cook	Forbes
Bonilla	Cooksey	Fossella
Bono	Cramer	Fowler
Boswell	Crane	Fox
Boucher	Crapo	Franks (NJ)
Boyd	Cubin	Frelinghuysen
Brown (CA)	Cunningham	Frost

Gallegly Lucas Sanchez
 Ganske Maloney (CT) Sandlin
 Gekas Maloney (NY) Sanford
 Gibbons Manzullo Saxton
 Gilchrest Martinez Scarborough
 Gillmor Mascara Schaefer, Dan
 Gilman McCarthy (MO) Schaffer, Bob
 Goode McCarthy (NY) Schumer
 Goodlatte McCollum Sensenbrenner
 Goodling McCreery Sessions
 Gordon McHugh Shadegg
 Goss McClinnis Shaw
 Graham McIntosh Shays
 Granger McIntyre Sherman
 Green McKeon Shimkus
 Greenwood McKinney Shuster
 Gutknecht McNulty Siskis
 Hall (OH) Metcalf Sken
 Hall (TX) Mica Skelton
 Hansen Miller (FL) Slaughter
 Harman Mollohan Smith (MI)
 Hastert Moran (KS) Smith (NJ)
 Hastings (WA) Moran (VA) Smith (OR)
 Hayworth Morella Smith (TX)
 Hefley Murtha Smith, Linda
 Hergert Myrick Snowbarger
 Hill Nethercutt Solomon
 Hilleary Neumann Spence
 Hobson Ney Stabenow
 Hoekstra Northup Stearns
 Holden Norwood Stump
 Hooley Nussle Sununu
 Horn Oxley Talent
 Hostettler Pappas Tanner
 Houghton Parker Tauscher
 Hunter Pascrell Tauzin
 Hyde Pastor Taylor (MS)
 Inglis Paul Taylor (NC)
 Istook Paxon Thomas
 Jenkins Pease Thornberry
 John Peterson (PA) Thune
 Johnson (CT) Petri Thurman
 Johnson (WI) Pickering Tiahrt
 Johnson, Sam Pickett Torres
 Jones Pitts Trafficant
 Kasich Pombo Upton
 Kelly Pomeroy Walsh
 Kennedy (MA) Porter Wamp
 Kennelly Portman Watkins
 Kim Pryce (OH) Watt (NC)
 King (NY) Quinn Watts (OK)
 Kingston Radanovich Weldon (FL)
 Kleczka Ramstad Weldon (PA)
 Knollenberg Redmond Weller
 Kolbe Regula Wexler
 LaHood Riggs Weygand
 Largent Riley White
 Latham Roemer Whitfield
 LaTourette Rogan Wicker
 Lazio Rogers Wilson
 Leach Rohrabacher Wolf
 Lewis (KY) Ros-Lehtinen Woolsey
 Linder Rothman Wynn
 Livingston Roukema Young (AK)
 LoBiondo Royce Young (FL)
 Lofgren Ryun
 Lowey Salmon

NOT VOTING—26

Berman Hulshof Moakley
 Brady (TX) Hutchinson Neal
 Clay Klug Packard
 Cox Lampson Reyes
 Dingell Lewis (CA) Serrano
 Dixon Lewis (GA) Souder
 Gonzalez Markey Turner
 Hamilton McDade Velazquez
 Hinojosa Meehan

□ 1720

Messrs. WYNN, MOLLOHAN, FAWELL, BERRY, TAYLOR of Mississippi, FROST, NUSSLE, KENNEDY of Massachusetts, McNULTY, ACKERMAN, GREEN, HOLDEN, McINTYRE, DAVIS of Florida, BROWN of California, WEYGAND, and Mrs. LOWEY, Mrs. CLAYTON, and Ms. McKINNEY changed their vote from "yea" to "nay."

Ms. PELOSI, Mr. FAZIO of California, and Mr. STOKES changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. PACKARD. Mr. Speaker, I was unavoidably detained on June 25, 1998 for rollcall vote 273. Had I been present, I would have voted "nay."

The SPEAKER pro tempore (Mr. PEASE). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ARCHER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 402, noes 8, not voting 25, as follows:

[Roll No 274]

AYES—402

Abercrombie Coburn Gibbons
 Ackerman Collins Gilchrest
 Aderholt Combust Gillmor
 Allen Condit Gilman
 Andrews Conyers Gingrich
 Archer Cook Goode
 Arney Cooksey Goodlatte
 Bachus Costello Goodling
 Baesler Cox Gordon
 Baker Coyne Goss
 Baldacci Cramer Graham
 Ballenger Crane Granger
 Barcia Crapo Green
 Barr Cubin Greenwood
 Barrett (NE) Cummings Gutierrez
 Barrett (WI) Cunningham Gutknecht
 Bartlett Danner Hall (OH)
 Barton Davis (FL) Hall (TX)
 Bass Davis (IL) Hansen
 Bateman Davis (VA) Harman
 Becerra Deal Hastert
 Bentsen DeFazio Hastings (FL)
 Bereuter DeGette Hastings (WA)
 Berry Delahunt Hayworth
 Bilbray DeLauro Hefley
 Billrakis DeLay Hefner
 Bishop Deutsch Hergert
 Blagojevich Diaz-Balart Hill
 Bliley Dickey Hillery
 Blumenauer Dicks Hilliard
 Blunt Doggett Hinchey
 Boehlert Dooley Hobson
 Boehner Doolittle Hoekstra
 Bonilla Doyle Holden
 Bonior Dreier Hooley
 Bono Duncan Horn
 Borski Dunn Hostettler
 Boswell Edwards Houghton
 Boucher Ehlers Hoyer
 Boyd Ehrlich Hunter
 Brady (PA) Emerson Hyde
 Brown (CA) Engel Inglis
 Brown (FL) English Istook
 Brown (OH) Ensign Jackson (IL)
 Bryant Eshoo Jackson-Lee
 Bunning Etheridge (TX)
 Burr Evans Jefferson
 Burton Everett Jenkins
 Buyer Ewing John
 Callahan Farr Johnson (CT)
 Calvert Fawell Johnson (WI)
 Camp Filner Johnson, E. B.
 Campbell Foley Johnson, Sam
 Canady Forbes Jones
 Cannon Ford Kanjorski
 Capps Fossella Kaptur
 Cardin Fowler Kasich
 Carson Fox Kelly
 Castle Franks (NJ) Kennedy (MA)
 Chabot Frelinghuysen Kennedy (RI)
 Chambliss Frost Kennelly
 Chenoweth Furse Kildee
 Christensen Gallegly Kilpatrick
 Clayton Ganske Kim
 Clement Gejdenson Kind (WI)
 Clyburn Gekas King (NY)
 Coble Gephardt Kingston

Kleczka Obey Shimkus
 Klink Oliver Shuster
 Knollenberg Ortiz Siskis
 Kolbe Owens Skaggs
 Kucinich Oxley Sken
 LaFalce Pallone Skelton
 LaHood Pappas Slaughter
 Lantos Parker Smith (MI)
 Largent Pascrell Smith (NJ)
 Latham Pastor Smith (OR)
 LaTourette Paul Smith (TX)
 Lazio Paxon Smith, Adam
 Leach Payne Snowbarger
 Lee Pease Snyder
 Levin Pelosi Solomon
 Lewis (CA) Peterson (MN) Spence
 Lewis (KY) Peterson (PA) Spratt
 Linder Petri Stabenow
 Lipinski Pickering Stark
 Livingston Pickett Stearns
 LoBiondo Pitts Stenholm
 Lofgren Pombo Stokes
 Lowey Pomeroy Strickland
 Lucas Porter Stump
 Luther Portman Stupak
 Maloney (CT) Poshard Sununu
 Maloney (NY) Price (NC) Talent
 Manton Pryce (OH) Tanner
 Manzullo Quinn Tauscher
 Mascara Radanovich Tauzin
 McCarthy (MO) Rahall Taylor (MS)
 McCarthy (NY) Ramstad Taylor (NC)
 McCollum Rangel Thomas
 McCreery Redmond Thompson
 McGovern Regula Thornberry
 McHale Riggs Thune
 McHugh Riley Thurman
 McClinnis Rivers Tiahrt
 McIntosh Rodriguez Tierney
 McIntyre Roemer Torres
 McKeon Rogan Towns
 McKinney Rogers Trafficant
 McNulty Rohrabacher Upton
 Meek (FL) Ros-Lehtinen Vento
 Meeke (NY) Rothman Visclosky
 Menendez Walsh Walsh
 Metcalf Roybal-Allard Wamp
 Mica Royce Waters
 Millender Rush Watkins
 McDonald Ryun Watt (NC)
 Miller (CA) Salmon Watts (OK)
 Miller (FL) Sanchez Waxman
 Minge Sanders Weldon (FL)
 Mink Sandlin Weldon (PA)
 Mollohan Sanford Weller
 Moran (KS) Sawyer Wexler
 Moran (VA) Saxton Weygand
 Morella Scarborough White
 Murtha Schaefer, Dan Whitfield
 Myrick Schaffer, Bob Wicker
 Nadler Schumer Wilson
 Nethercutt Scott Wise
 Neumann Neumann Wolf
 Ney Sessions Woolsey
 Northup Shadegg Wynn
 Norwood Shaw Young (AK)
 Nussle Shays Young (FL)
 Oberstar Sherman

NOES—8

Fazio Matsui Smith, Linda
 Frank (MA) McDermott Yates
 Martinez Sabo

NOT VOTING—25

Berman Hulshof Neal
 Brady (TX) Hutchinson Packard
 Clay Klug Reyes
 Dingell Lampson Serrano
 Dixon Lewis (GA) Souder
 Fattah Markey Turner
 Gonzalez McDade Velazquez
 Hamilton Meehan
 Hinojosa Moakley

□ 1733

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. HINOJOSA. Mr. Speaker, due to business in my Congressional District, I today was