

Aug. 5 / Administration of William J. Clinton, 1997

provides needed tax relief for working Americans. I am grateful for the bipartisan support that this measure received in the Congress, and I am pleased to have signed it into law.

WILLIAM J. CLINTON

The White House,
August 5, 1997.

NOTE: H.R. 2014, approved August 5, was assigned Public Law No. 105-34.

Statement on Signing the Taxpayer Browsing Protection Act *August 5, 1997*

Today I have signed into law H.R. 1226, the "Taxpayer Browsing Protection Act," to provide additional criminal penalties and civil remedies to help ensure that taxpayers' returns and return information remain confidential.

Our system of taxation relies heavily on taxpayers' voluntary compliance with their tax reporting obligations. Maintaining the confidentiality of the information submitted by taxpayers is critical to the operation of this system. If taxpayers do not believe that the Government is adequately safeguarding their personal financial information they may be less willing to supply that information in the future.

Taxpayers have the right to expect that their returns and return information are, and will remain, confidential. Such information should be inspected or reviewed only for proper purposes, including tax administration, in accordance with the criteria established by law. It is my Administration's clear policy that unauthorized inspection of tax information will not be tolerated. This is a bipartisan issue on which everyone can agree: "browsing" taxpayer information is wrong, and we all condemn it.

Using currently available tools, the Internal Revenue Service (IRS) has stepped up its efforts to end browsing, and my Administration has supported providing the IRS with additional tools. Significant progress was made on this issue last year. The National Information Infrastructure Protection Act of 1996 made it a crime to access intentionally a Federal computer without proper authority and obtain information from any department or agency of the United States Government. Thus, browsing tax records stored in a Federal computer is already punishable as a crime. The bill I have signed today will further strengthen the tools the IRS can employ against unauthorized inspections of taxpayer data.

This legislation will add a separate provision to the Internal Revenue Code specifically prohibiting unauthorized inspection or browsing of tax returns and return information. It will make a misdemeanor of certain activities that are not covered under current law. For example, it will prohibit the unauthorized inspection of non-computerized tax information, such as "hard copies" of paper returns or return information. It will prohibit unauthorized inspection using computers belonging to State or local governments or contractors when Federal tax information has been conveyed to them pursuant to existing law. Finally, the new misdemeanor will serve as an additional option for prosecutors even in cases already covered under current law.

I am pleased that the bill provides additional civil remedies to those taxpayers whose privacy has been invaded by unauthorized inspection or disclosure of their tax information. Current law requires an actual disclosure to a third person of taxpayer information before a civil remedy is available. This bill will provide a civil remedy to taxpayers whose tax information has been unlawfully inspected, regardless of whether there has been a subsequent disclosure. Further, H.R. 1226 will require notification to taxpayers whose tax information has been either improperly inspected or disclosed whenever a person is indicted or otherwise charged with a violation of criminal provisions applicable to browsing or unlawful disclosure.

It is entirely appropriate for taxpayers whose tax information has been improperly inspected to have the same remedies as taxpayers whose information has actually been unlawfully disclosed. Further, notification to the taxpayer is appropriate when the Government has sufficient evidence to support a criminal charge. Acknowledging that we believe someone has violated the confidentiality rules, and advising taxpayers

that we are vigorously pursuing such individuals with criminal penalties, will ultimately enhance taxpayers' confidence that the Government is vigilant about protecting their privacy.

These actions should deter persons who have access to tax returns and return information from unauthorized browsing, and the number of such instances should decline significantly in the future.

For these reasons, I am pleased to have signed H.R. 1226 into law.

WILLIAM J. CLINTON

The White House,
August 5, 1997.

NOTE: H.R. 1226, approved August 5, was assigned Public Law No. 105-35.

Letter to Congressional Leaders Reporting on Terrorists Who Threaten To Disrupt the Middle East Peace Process August 5, 1997

Dear Mr. Speaker: (Dear Mr. President:)

I hereby report to the Congress on the developments concerning the national emergency with respect to terrorists who threaten to disrupt the Middle East peace process that was declared in Executive Order 12947 of January 23, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergencies Economic Powers Act (IEEPA), 50 U.S.C. 1703(c).

On January 23, 1995, I signed Executive Order 12947, "Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process" (the "order") (60 *Fed. Reg.* 5079, January 25, 1995). The order blocks all property subject to U.S. jurisdiction in which there is any interest of 12 terrorist organizations that threaten the Middle East peace process as identified in the Annex to the order. The order also blocks the property and interests in property subject to U.S. jurisdiction of persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, who are found (1) to have committed, or pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or (2) to assist in, sponsor, or provide financial, material, or technological support for, or services in support of, such acts of violence. In addition, the order blocks all property and interests in property subject to U.S. jurisdiction in which there is any interest of persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the

Attorney General, to be owned or controlled by, or to act for or on behalf of, any other person designated pursuant to the order (collectively "Specially Designated Terrorists" or "SDTs").

The order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDTs, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of such persons. This prohibition includes donations that are intended to relieve human suffering.

Designations of persons blocked pursuant to the order are effective upon the date of determination by the Secretary of State or her delegate, or the Director of the Office of Foreign Assets Control (OFAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register*, or upon prior actual notice.

Because terrorist activities continue to threaten the Middle East peace process and vital interests of the United States in the Middle East, on January 21, 1997, I continued for another year the national emergency declared on January 23, 1995, and the measures took effect on January 24, 1995, to deal with that emergency. This action was taken in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)).

On January 25, 1995, the Department of the Treasury issued a notice listing persons blocked pursuant to Executive Order 12947 who have been designated by the President as terrorist