

106TH CONGRESS
2D SESSION

H. R. 4199

IN THE SENATE OF THE UNITED STATES

MAY 2, 2000

Received; read twice and referred to the Committee on Finance

AN ACT

To terminate the Internal Revenue Code of 1986.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Date Certain Tax Code
3 Replacement Act”.

4 **SEC. 2. PURPOSE.**

5 The purpose of this Act is to set a date certain for
6 replacing the Internal Revenue Code of 1986 with a simple
7 and fair alternative.

8 **SEC. 3. TERMINATION OF INTERNAL REVENUE CODE OF**
9 **1986.**

10 (a) IN GENERAL.—No tax shall be imposed by the
11 Internal Revenue Code of 1986—

12 (1) for any taxable year beginning after Decem-
13 ber 31, 2004; and

14 (2) in the case of any tax not imposed on the
15 basis of a taxable year, on any taxable event or for
16 any period after December 31, 2004.

17 (b) EXCEPTION.—Subsection (a) shall not apply to
18 taxes imposed by—

19 (1) chapter 2 of such Code (relating to tax on
20 self-employment income);

21 (2) chapter 21 of such Code (relating to Fed-
22 eral Insurance Contributions Act); and

23 (3) chapter 22 of such Code (relating to Rail-
24 road Retirement Tax Act).

1 **SEC. 4. NATIONAL COMMISSION ON TAX REFORM AND**
2 **SIMPLIFICATION.**

3 (a) FINDINGS.—The Congress finds the following:

4 (1) The Internal Revenue Code of 1986 is over-
5 ly complex, imposes significant burdens on individ-
6 uals and businesses and the economy, is extremely
7 difficult for the Internal Revenue Service to admin-
8 ister, and is in need of fundamental reform and sim-
9 plification.

10 (2) Many of the problems encountered by tax-
11 payers in dealing with the Internal Revenue Service
12 could be eliminated or alleviated by fundamental re-
13 form and simplification.

14 (3) The Federal Government's present fiscal
15 outlook for continuing and sustained budget sur-
16 pluses provides a unique opportunity for the Con-
17 gress to consider measures for fundamental reform
18 and simplification of the tax laws.

19 (4) Recent efforts to simplify or reform the tax
20 laws have not been successful due in part to the dif-
21 ficulty of developing broad-based, nonpartisan sup-
22 port for proposals to make such changes.

23 (5) Many of the problems with the Internal
24 Revenue Service stem from the overly complex tax
25 code the agency is asked to administer.

26 (b) ESTABLISHMENT.—

1 (1) IN GENERAL.—To carry out the purposes of
2 this section, there is established within the legislative
3 branch a National Commission on Tax Reform and
4 Simplification (in this section referred to as the
5 “Commission”).

6 (2) COMPOSITION.—The Commission shall be
7 composed of 15 members, as follows:

8 (A) Three members appointed by the
9 President, two from the executive branch of the
10 Government and one from private life.

11 (B) Four members appointed by the ma-
12 jority leader of the Senate, one from Members
13 of the Senate and three from private life.

14 (C) Two members appointed by the minor-
15 ity leader of the Senate, one from Members of
16 the Senate and one from private life.

17 (D) Four members appointed by the
18 Speaker of the House of Representatives, one
19 from Members of the House and three from pri-
20 vate life.

21 (E) Two members appointed by the minor-
22 ity leader of the House of Representatives, one
23 from Members of the House and one from pri-
24 vate life.

1 (3) CHAIR.—The Commission shall elect a
2 Chair (or two Co-Chairs) from among its members.

3 (4) MEETINGS, QUORUMS, VACANCIES.—After
4 its initial meeting, the Commission shall meet upon
5 the call of the Chair (Co-Chairs, if elected) or a ma-
6 jority of its members. Nine members of the Commis-
7 sion shall constitute a quorum. Any vacancy in the
8 Commission shall not affect its powers, but shall be
9 filled in the same manner in which the original ap-
10 pointment was made. Any meeting of the Commis-
11 sion or any subcommittee thereof may be held in ex-
12 ecutive session to the extent that the Chair (Co-
13 Chairs, if elected) or a majority of the members of
14 the Commission or subcommittee determine appro-
15 priate.

16 (5) CONTINUATION OF MEMBERSHIP.—If—

17 (A) any individual who appointed a mem-
18 ber to the Commission by virtue of holding a
19 position described in paragraph (2) ceases to
20 hold such position before the report of the Com-
21 mission is submitted under subsection (g); or

22 (B) a member was appointed to the Com-
23 mission as a Member of Congress and the mem-
24 ber ceases to be a Member of Congress, or was
25 appointed to the Commission because the mem-

1 ber was not an officer or employee of any gov-
2 ernment and later becomes an officer or em-
3 ployee of a government, that member may con-
4 tinue as a member for not longer than the 30-
5 day period beginning on the date that such in-
6 dividual ceases to hold such position or such
7 member ceases to be a Member of Congress or
8 becomes such an officer or employee, as the
9 case may be.

10 (6) APPOINTMENT; INITIAL MEETING.—

11 (A) APPOINTMENT.—It is the sense of the
12 Congress that members of the Commission
13 should be appointed not more than 60 days
14 after the date of the enactment of this Act.

15 (B) INITIAL MEETING.—If, after 60 days
16 from the date of the enactment of this Act,
17 eight or more members of the Commission have
18 been appointed, members who have been ap-
19 pointed may meet and select the Chair (or Co-
20 Chairs) who thereafter shall have the authority
21 to begin the operations of the Commission, in-
22 cluding the hiring of staff.

23 (c) FUNCTIONS OF THE COMMISSION.—

24 (1) IN GENERAL.—The functions of the Com-
25 mission shall be—

1 (A) to conduct, for a period of not to ex-
2 ceed 18 months from the date of its first meet-
3 ing, the review described in paragraph (2); and

4 (B) to submit to the Congress a report of
5 the results of such review, including rec-
6 ommendations for fundamental reform and sim-
7 plification of the Internal Revenue Code of
8 1986, as described in subsection (g).

9 (2) REVIEW.—The Commission shall review—

10 (A) the present structure and provisions of
11 the Internal Revenue Code of 1986, especially
12 with respect to—

13 (i) its impact on the economy (includ-
14 ing the impact on savings, capital forma-
15 tion and capital investment);

16 (ii) its impact on families and the
17 workforce (including issues relating to dis-
18 tribution of tax burden);

19 (iii) the compliance cost to taxpayers;
20 and

21 (iv) the ability of the Internal Rev-
22 enue Service to administer such provisions;

23 (B) whether tax systems imposed under
24 the laws of other countries could provide more

1 efficient and fair methods of funding the rev-
2 enue requirements of the government;

3 (C) whether the income tax should be re-
4 placed with a tax imposed in a different manner
5 or on a different base; and

6 (D) whether the Internal Revenue Code of
7 1986 can be simplified, absent wholesale re-
8 structuring or replacement thereof.

9 (d) POWERS OF THE COMMISSION.—

10 (1) IN GENERAL.—The Commission or, on the
11 authorization of the Commission, any subcommittee
12 or member thereof, may, for the purpose of carrying
13 out the provisions of this section, hold such hearings
14 and sit and act at such times and places, take such
15 testimony, receive such evidence, and administer
16 such oaths, as the Commission or such designated
17 subcommittee or designated member may deem ad-
18 visable.

19 (2) CONTRACTING.—The Commission may, to
20 such extent and in such amounts as are provided in
21 appropriation Acts, enter into contracts to enable
22 the Commission to discharge its duties under this
23 section.

24 (3) ASSISTANCE FROM FEDERAL AGENCIES AND
25 OFFICES.—

1 (A) INFORMATION.—The Commission is
2 authorized to secure directly from any executive
3 department, bureau, agency, board, commission,
4 office, independent establishment, or instrumen-
5 tality of the Government, as well as from any
6 committee or other office of the legislative
7 branch, such information, suggestions, esti-
8 mates, and statistics as it requires for the pur-
9 poses of its review and report. Each such de-
10 partment, bureau, agency, board, commission,
11 office, establishment, instrumentality, or com-
12 mittee shall, to the extent not prohibited by
13 law, furnish such information, suggestions, esti-
14 mates, and statistics directly to the Commis-
15 sion, upon request made by the Chair (Co-
16 Chairs, if elected).

17 (B) TREASURY DEPARTMENT.—The Sec-
18 retary of the Treasury is authorized on a non-
19 reimbursable basis to provide the Commission
20 with administrative services, funds, facilities,
21 staff, and other support services for the per-
22 formance of the Commission's functions.

23 (C) GENERAL SERVICES ADMINISTRA-
24 TION.—The Administrator of General Services
25 shall provide to the Commission on a non-

1 reimbursable basis such administrative support
2 services as the Commission may request.

3 (D) JOINT COMMITTEE ON TAXATION.—

4 The staff of the Joint Committee on Taxation
5 is authorized on a nonreimbursable basis to
6 provide the Commission with such legal, eco-
7 nomic, or policy analysis, including revenue esti-
8 mates, as the Commission may request.

9 (E) OTHER ASSISTANCE.—In addition to
10 the assistance set forth in subparagraphs (A),
11 (B), (C), and (D), departments and agencies of
12 the United States are authorized to provide to
13 the Commission such services, funds, facilities,
14 staff, and other support services as they may
15 deem advisable and as may be authorized by
16 law.

17 (5) POSTAL SERVICES.—The Commission may
18 use the United States mails in the same manner and
19 under the same conditions as departments and agen-
20 cies of the United States.

21 (6) GIFTS.—The Commission may accept, use,
22 and dispose of gifts or donations of services or prop-
23 erty in carrying out its duties under this section.

24 (e) STAFF OF THE COMMISSION.—

1 (1) IN GENERAL.—The Chair (Co-Chairs, if
2 elected), in accordance with rules agreed upon by the
3 Commission, may appoint and fix the compensation
4 of a staff director and such other personnel as may
5 be necessary to enable the Commission to carry out
6 its functions without regard to the provisions of title
7 5, United States Code, governing appointments in
8 the competitive service, and without regard to the
9 provisions of chapter 51 and subchapter III or chap-
10 ter 53 of such title relating to classification and
11 General Schedule pay rates, except that no rate of
12 pay fixed under this subsection may exceed the
13 equivalent of that payable to a person occupying a
14 position at level V of the Executive Schedule under
15 section 5316 of title 5, United States Code. Any
16 Federal Government employee may be detailed to
17 the Commission without reimbursement from the
18 Commission, and such detailee shall retain the
19 rights, status, and privileges of his or her regular
20 employment without interruption.

21 (2) CONSULTANT SERVICES.—The Commission
22 is authorized to procure the services of experts and
23 consultants in accordance with section 3109 of title
24 5, United States Code, but at rates not to exceed the
25 daily rate paid a person occupying a position at level

1 IV of the Executive Schedule under section 5315 of
2 title 5, United States Code.

3 (f) COMPENSATION AND TRAVEL EXPENSES.—

4 (1) COMPENSATION.—

5 (A) IN GENERAL.—Except as provided in
6 subparagraph (B), each member of the Com-
7 mission may be compensated at not to exceed
8 the daily equivalent of the annual rate of basic
9 pay in effect for a position at level IV of the
10 Executive Schedule under section 5315 of title
11 5, United States Code, for each day during
12 which that member is engaged in the actual
13 performance of the duties of the Commission.

14 (B) EXCEPTION.—Members of the Com-
15 mission who are officers or employees of the
16 United States or Members of Congress shall re-
17 ceive no additional pay on account of their serv-
18 ice on the Commission.

19 (2) TRAVEL EXPENSES.—While away from
20 their homes or regular places of business in the per-
21 formance of services for the Commission, members
22 of the Commission shall be allowed travel expenses,
23 including per diem in lieu of subsistence, in the
24 same manner as persons employed intermittently in

1 the Government service are allowed expenses under
2 section 5703(b) of title 5, United States Code.

3 (g) REPORT OF THE COMMISSION; TERMINATION.—

4 (1) REPORT.—Not later than 18 months after
5 the date of the first meeting of the Commission, the
6 Commission shall submit a report to the Committee
7 on Ways and Means of the House of Representatives
8 and the Committee on Finance of the Senate. The
9 report of the Commission shall describe the results
10 of its review (as described in subsection (c)(2)), shall
11 make such recommendations for fundamental reform
12 and simplification of the Internal Revenue Code of
13 1986 as the Commission considers appropriate, and
14 shall describe the expected impact of such rec-
15 ommendations on the economy and progressivity and
16 general administrability of the tax laws.

17 (2) TERMINATION.—

18 (A) IN GENERAL.—The Commission, and
19 all the authorities of this section, shall termi-
20 nate on the date which is 90 days after the date
21 on which the report is required to be submitted
22 under paragraph (1).

23 (B) CONCLUDING ACTIVITIES.—The Com-
24 mission may use the 90-day period referred to
25 in subparagraph (A) for the purposes of con-

1 including its activities, including providing testi-
2 mony to committees of Congress concerning its
3 report and disseminating that report.

4 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
5 authorized to be appropriated such sums as may be nec-
6 essary for the activities of the Commission. Until such
7 time as funds are specifically appropriated for such activi-
8 ties, \$2,000,000 shall be available from fiscal year 2001
9 funds appropriated to the Treasury Department, “Depart-
10 mental Offices” account, for the activities of the Commis-
11 sion, to remain available until expended.

12 **SEC. 5. TIMING OF IMPLEMENTATION.**

13 In order to ensure an easy transition and effective
14 implementation, the Congress hereby declares that any
15 new Federal tax system shall be approved by Congress in
16 its final form no later than July 4, 2004. If a new Federal
17 tax system is not so approved by July 4, 2004, then Con-
18 gress shall be required to vote to reauthorize the Internal
19 Revenue Code of 1986.

Passed the House of Representatives April 13, 2000.

Attest: JEFF TRANDAHL,
Clerk.

By MARTHA C. MORRISON,
Deputy Clerk.