

106TH CONGRESS
2D SESSION

H. R. 4230

To terminate the Internal Revenue Code of 1986.

IN THE HOUSE OF REPRESENTATIVES

APRIL 11, 2000

Mr. LARGENT introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Date Certain Tax Code
5 Replacement Act”.

6 **SEC. 2. PURPOSE.**

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

1 **SEC. 3. TERMINATION OF INTERNAL REVENUE CODE OF**
2 **1986.**

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

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

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

10 (b) EXCEPTION.—Subsection (a) shall not apply to
11 taxes imposed by—

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

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

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

18 **SEC. 4. NATIONAL COMMISSION ON TAX REFORM AND**
19 **SIMPLIFICATION.**

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

21 (1) The Internal Revenue Code of 1986 is over-
22 ly complex, imposes significant burdens on individ-
23 uals and businesses and the economy, is extremely
24 difficult for the Internal Revenue Service to admin-
25 ister, and is in need of fundamental reform and sim-
26 plification.

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

5 (3) The Federal Government's present fiscal
6 outlook for continuing and sustained budget sur-
7 pluses provides a unique opportunity for the Con-
8 gress to consider measures for fundamental reform
9 and simplification of the tax laws.

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

14 (5) Many of the problems with the Internal
15 Revenue Service stem from the overly complex tax
16 code the agency is asked to administer.

17 (b) ESTABLISHMENT.—

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

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

1 (A) Three members appointed by the
2 President, two from the executive branch of the
3 Government and one from private life.

4 (B) Four members appointed by the ma-
5 jority leader of the Senate, one from Members
6 of the Senate and three from private life.

7 (C) Two members appointed by the minor-
8 ity leader of the Senate, one from Members of
9 the Senate and one from private life.

10 (D) Four members appointed by the
11 Speaker of the House of Representatives, one
12 from Members of the House and three from pri-
13 vate life.

14 (E) Two members appointed by the minor-
15 ity leader of the House of Representatives, one
16 from Members of the House and one from pri-
17 vate life.

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

20 (4) MEETINGS, QUORUMS, VACANCIES.—After
21 its initial meeting, the Commission shall meet upon
22 the call of the Chair (Co-Chairs, if elected) or a ma-
23 jority of its members. Nine members of the Commis-
24 sion shall constitute a quorum. Any vacancy in the
25 Commission shall not affect its powers, but shall be

1 filled in the same manner in which the original ap-
2 pointment was made. Any meeting of the Commis-
3 sion or any subcommittee thereof may be held in ex-
4 ecutive session to the extent that the Chair (Co-
5 Chairs, if elected) or a majority of the members of
6 the Commission or subcommittee determine appro-
7 priate.

8 (5) CONTINUATION OF MEMBERSHIP.—If—

9 (A) any individual who appointed a mem-
10 ber to the Commission by virtue of holding a
11 position described in paragraph (2) ceases to
12 hold such position before the report of the Com-
13 mission is submitted under subsection (g), or

14 (B) a member was appointed to the Com-
15 mission as a Member of Congress and the mem-
16 ber ceases to be a Member of Congress, or was
17 appointed to the Commission because the mem-
18 ber was not an officer or employee of any gov-
19 ernment and later becomes an officer or em-
20 ployee of a government, that member may con-
21 tinue as a member for not longer than the 30-
22 day period beginning on the date that such in-
23 dividual ceases to hold such position or such
24 member ceases to be a Member of Congress or

1 becomes such an officer or employee, as the
2 case may be.

3 (6) APPOINTMENT; INITIAL MEETING.—

4 (A) APPOINTMENT.—It is the sense of the
5 Congress that members of the Commission
6 should be appointed not more than 60 days
7 after the date of the enactment of this Act.

8 (B) INITIAL MEETING.—If, after 60 days
9 from the date of the enactment of this Act,
10 eight or more members of the Commission have
11 been appointed, members who have been ap-
12 pointed may meet and select the Chair (or Co-
13 Chairs) who thereafter shall have the authority
14 to begin the operations of the Commission, in-
15 cluding the hiring of staff.

16 (c) FUNCTIONS OF THE COMMISSION.—

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

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

22 (B) to submit to the Congress a report of
23 the results of such review, including rec-
24 ommendations for fundamental reform and sim-

1 plification of the Internal Revenue Code of
2 1986, as described in subsection (g).

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

4 (A) the present structure and provisions of
5 the Internal Revenue Code of 1986, especially
6 with respect to—

7 (i) its impact on the economy (includ-
8 ing the impact on savings, capital forma-
9 tion and capital investment);

10 (ii) its impact on families and the
11 workforce (including issues relating to dis-
12 tribution of tax burden);

13 (iii) the compliance cost to taxpayers;
14 and

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

17 (B) whether tax systems imposed under
18 the laws of other countries could provide more
19 efficient and fair methods of funding the rev-
20 enue requirements of the government;

21 (C) whether the income tax should be re-
22 placed with a tax imposed in a different manner
23 or on a different base; and

1 (D) whether the Internal Revenue Code of
2 1986 can be simplified, absent wholesale re-
3 structuring or replacement thereof.

4 (d) POWERS OF THE COMMISSION.—

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

14 (2) CONTRACTING.—The Commission may, to
15 such extent and in such amounts as are provided in
16 appropriation Acts, enter into contracts to enable
17 the Commission to discharge its duties under this
18 section.

19 (3) ASSISTANCE FROM FEDERAL AGENCIES AND
20 OFFICES.—

21 (A) INFORMATION.—The Commission is
22 authorized to secure directly from any executive
23 department, bureau, agency, board, commission,
24 office, independent establishment, or instrumen-
25 tality of the Government, as well as from any

1 committee or other office of the legislative
2 branch, such information, suggestions, esti-
3 mates, and statistics as it requires for the pur-
4 poses of its review and report. Each such de-
5 partment, bureau, agency, board, commission,
6 office, establishment, instrumentality, or com-
7 mittee shall, to the extent not prohibited by
8 law, furnish such information, suggestions, esti-
9 mates, and statistics directly to the Commis-
10 sion, upon request made by the Chair (Co-
11 Chairs, if elected).

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

18 (C) GENERAL SERVICES ADMINISTRA-
19 TION.—The Administrator of General Services
20 shall provide to the Commission on a non-
21 reimbursable basis such administrative support
22 services as the Commission may request.

23 (D) JOINT COMMITTEE ON TAXATION.—
24 The staff of the Joint Committee on Taxation
25 is authorized on a nonreimbursable basis to

1 provide the Commission with such legal, eco-
2 nomic, or policy analysis, including revenue esti-
3 mates, as the Commission may request.

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

12 (5) POSTAL SERVICES.—The Commission may
13 use the United States mails in the same manner and
14 under the same conditions as departments and agen-
15 cies of the United States.

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

19 (e) STAFF OF THE COMMISSION.—

20 (1) IN GENERAL.—The Chair (Co-Chairs, if
21 elected), in accordance with rules agreed upon by the
22 Commission, may appoint and fix the compensation
23 of a staff director and such other personnel as may
24 be necessary to enable the Commission to carry out
25 its functions without regard to the provisions of title

1 5, United States Code, governing appointments in
2 the competitive service, and without regard to the
3 provisions of chapter 51 and subchapter III or chap-
4 ter 53 of such title relating to classification and
5 General Schedule pay rates, except that no rate of
6 pay fixed under this subsection may exceed the
7 equivalent of that payable to a person occupying a
8 position at level V of the Executive Schedule under
9 section 5316 of title 5, United States Code. Any
10 Federal Government employee may be detailed to
11 the Commission without reimbursement from the
12 Commission, and such detailee shall retain the
13 rights, status, and privileges of his or her regular
14 employment without interruption.

15 (2) CONSULTANT SERVICES.—The Commission
16 is authorized to procure the services of experts and
17 consultants in accordance with section 3109 of title
18 5, United States Code, but at rates not to exceed the
19 daily rate paid a person occupying a position at level
20 IV of the Executive Schedule under section 5315 of
21 title 5, United States Code.

22 (f) COMPENSATION AND TRAVEL EXPENSES.—

23 (1) COMPENSATION.—

24 (A) IN GENERAL.—Except as provided in
25 subparagraph (B), each member of the Com-

mission may be compensated at not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day during which that member is engaged in the actual performance of the duties of the Commission.

(B) EXCEPTION.—Members of the Commission who are officers or employees of the United States or Members of Congress shall receive no additional pay on account of their service on the Commission.

(2) TRAVEL EXPENSES.—While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

(g) REPORT OF THE COMMISSION; TERMINATION.—

(1) REPORT.—Not later than 18 months after the date of the first meeting of the Commission, the Commission shall submit a report to the Committee on Ways and Means of the House of Representatives

1 and the Committee on Finance of the Senate. The
2 report of the Commission shall describe the results
3 of its review (as described in subsection (c)(2)), shall
4 make such recommendations for fundamental reform
5 and simplification of the Internal Revenue Code of
6 1986 as the Commission considers appropriate, and
7 shall describe the expected impact of such rec-
8 ommendations on the economy and progressivity and
9 general administrability of the tax laws.

10 (2) TERMINATION.—

11 (A) IN GENERAL.—The Commission, and
12 all the authorities of this section, shall termi-
13 nate on the date which is 90 days after the date
14 on which the report is required to be submitted
15 under paragraph (1).

16 (B) CONCLUDING ACTIVITIES.—The Com-
17 mission may use the 90-day period referred to
18 in subparagraph (A) for the purposes of con-
19 cluding its activities, including providing testi-
20 mony to committees of Congress concerning its
21 report and disseminating that report.

22 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
23 authorized to be appropriated such sums as may be nec-
24 essary for the activities of the Commission. Until such
25 time as funds are specifically appropriated for such activi-

1 ties, \$2,000,000 shall be available from fiscal year 2001
2 funds appropriated to the Treasury Department, “Depart-
3 mental Offices” account, for the activities of the Commis-
4 sion, to remain available until expended.

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

6 In order to ensure an easy transition and effective
7 implementation, the Congress hereby declares that any
8 new Federal tax system shall be approved by Congress in
9 its final form no later than July 4, 2004. If a new Federal
10 tax system is not so approved by July 4, 2004, then Con-
11 gress shall be required to vote to reauthorize the Internal
12 Revenue Code of 1986.

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