

107TH CONGRESS
1ST SESSION

H. R. 335

To provide for the establishment of a commission to review and make recommendations to Congress on the reform and simplification of the Internal Revenue Code of 1986.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2001

Mr. DEMINT (for himself, Mr. PORTMAN, Mrs. JOHNSON of Connecticut, Mr. SCHAFER, and Mr. GOODE) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for the establishment of a commission to review and make recommendations to Congress on the reform and simplification of 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 “National Advisory
5 Commission on Tax Reform and Simplification Act of
6 2001”.

7 **SEC. 2. PURPOSE.**

8 The purpose of this Act is to establish a commission
9 to study and report back to Congress recommendations

1 on simplifying, reforming, or replacing the Internal Rev-
2 enue Code of 1986.

3 **SEC. 3. FINDINGS.**

4 The Congress finds the following:

5 (1) The Internal Revenue Code of 1986 is over-
6 ly complex, imposes significant burdens on individ-
7 uals, businesses, and the economy, is extremely dif-
8 ficult for the Internal Revenue Service to administer,
9 and is in need of fundamental reform and simplifica-
10 tion.

11 (2) Many of the problems encountered by tax-
12 payers in dealing with the Internal Revenue Serv-
13 ice—especially those arising from misunderstandings
14 of the Code—could be eliminated or alleviated by
15 fundamental reform and simplification.

16 (3) The Internal Revenue Service faces con-
17 tinual difficulty in administering an overly lengthy,
18 complex, and confusing tax code.

19 (4) Taxpayers and tax experts have repeatedly
20 called for a simplification of the current tax code.

21 (5) The complexity of the current code places a
22 significant burden on individual filers, including ex-
23 tensive record keeping, time requirements to prepare
24 returns, gaining an understanding of the exemptions
25 for which they may qualify, and other burdens. This

1 has forced the majority of taxpayers to turn to tax
2 professionals to prepare their tax returns.

3 (6) Congress is continually modifying and cor-
4 recting the Code, leading to annual uncertainty and
5 only adding to the patchwork of complexity and con-
6 fusion.

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

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

16 **SEC. 4. ESTABLISHMENT OF A NATIONAL COMMISSION ON**
17 **TAX REFORM AND SIMPLIFICATION.**

18 (a) IN GENERAL.—To carry out the purposes of this
19 Act, there is established within the legislative branch a
20 National Advisory Commission on Tax Reform and Sim-
21 plification (in this Act referred to as the “Commission”),
22 comprised of 15 members. The membership of the Com-
23 mission shall be as follows:

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

4 (2) 4 members appointed by the majority leader
5 of the Senate, 1 from Members of the Senate and
6 3 from private life.

7 (3) 2 members appointed by the minority leader
8 of the Senate, 1 from Members of the Senate and
9 1 from private life.

10 (4) 4 members appointed by the Speaker of the
11 House of Representatives, 1 from Members of the
12 House of Representatives and 3 from private life.

13 (5) 2 members appointed by the minority leader
14 of the House of Representatives, 1 from Members of
15 the House of Representatives and 1 from private
16 life.

17 (b) SENSE OF CONGRESS.—It is the sense of Con-
18 gress that the President and congressional leadership
19 should draw from a number of important areas of exper-
20 tise in composing the Commission, including tax experts
21 familiar with corporate tax issues, international tax issues,
22 small business tax issues, and family and individual tax
23 issues.

1 (c) APPOINTMENTS.—Appointments to the Commis-
2 sion shall be made not later than 45 days after the date
3 of the enactment of this Act.

4 **SEC. 5. RULES OF THE COMMISSION.**

5 (a) QUORUM.—Nine members of the Commission
6 shall constitute a quorum for conducting the business of
7 the Commission.

8 (b) INITIAL MEETING.—If, after 60 days from the
9 date of the enactment of this Act, 5 or more members
10 of the Commission have been appointed, members who
11 have been appointed may meet and select the Chair (or
12 Co-chairs) who thereafter shall have the authority to begin
13 the operations of the Commission, including the hiring of
14 staff.

15 (c) RULES.—The Commission may adopt such other
16 rules as it considers appropriate.

17 (d) VACANCIES.—Any vacancy in the Commission
18 shall not affect its powers, but shall be filled in the same
19 manner in which the original appointment was made. Any
20 meeting of the Commission or any subcommittee thereof
21 may be held in executive session to the extent that the
22 Chair (Co-Chairs, if elected) or a majority of the members
23 of the Commission or subcommittee determine appro-
24 priate.

1 (e) CONTINUATION OF MEMBERSHIP.—Any indi-
 2 vidual who appointed a member to the Commission by vir-
 3 tue of holding a position described in section 4 ceases to
 4 hold such position before the report of the Commission
 5 is submitted, that member may continue as a member for
 6 not longer than the 30-day period beginning on the date
 7 that such individual ceases to hold such position.

8 **SEC. 6. DUTIES OF THE COMMISSION.**

9 (a) IN GENERAL.—The duties of the Commission
 10 shall include—

11 (1) to conduct, for a period of not to exceed 18
 12 months from the date of its first meeting, the review
 13 described in subsection (b); and

14 (2) to submit to the Congress a report of the
 15 results of such review, including recommendations
 16 for fundamental reform and simplification of the In-
 17 ternal Revenue Code of 1986, as described in section
 18 10.

19 (b) REVIEW AND ISSUING PROPOSALS.—The Com-
 20 mission shall review and, when applicable, issue proposals
 21 on—

22 (1) the present structure and provisions of the
 23 Internal Revenue Code of 1986, especially with re-
 24 spect to—

1 (A) its impact on the economy (including
2 the impact on savings, capital formation, capital
3 investment, and international trade);

4 (B) its impact on families and the work-
5 force (including issues relating to distribution
6 of tax burden and impact on small businesses);

7 (C) the predictability of the tax code from
8 year to year;

9 (D) the compliance cost to taxpayers and
10 businesses; and

11 (E) the ability of the Internal Revenue
12 Service to administer such provisions;

13 (2) whether tax systems imposed under the laws
14 of other countries could provide more efficient, sim-
15 ple, and fair methods of funding the revenue re-
16 quirements of the Government;

17 (3) whether the income tax should be replaced
18 with a tax imposed in a different manner or on a
19 different base; and

20 (4) whether the Internal Revenue Code of 1986
21 can be simplified, absent wholesale restructuring or
22 replacement thereof.

23 **SEC. 7. POWERS OF THE COMMISSION.**

24 (a) IN GENERAL.—The Commission or, on the au-
25 thorization of the Commission, any subcommittee or mem-

1 ber thereof, may, for the purpose of carrying out the provi-
2 sions of this Act, hold such hearings and sit and act at
3 such times and places, take such testimony, receive such
4 evidence, and administer such oaths, as the Commission
5 or such designated subcommittee or designated member
6 may deem advisable.

7 (b) CONTRACTING.—The Commission may, to such
8 extent and in such amounts as are provided in appropria-
9 tion Acts, enter into contracts to enable the Commission
10 to discharge its duties under this Act.

11 (c) ASSISTANCE FROM FEDERAL AGENCIES AND OF-
12 FICES.—

13 (1) INFORMATION.—The Commission is author-
14 ized to secure directly from any executive depart-
15 ment, bureau, agency, board, commission, office,
16 independent establishment, or instrumentality of the
17 Government, as well as from any committee or other
18 office of the legislative branch, such information,
19 suggestions, estimates, and statistics as it requires
20 for the purposes of its review and report. Each such
21 department, bureau, agency, board, commission, of-
22 fice, establishment, instrumentality, or committee
23 shall, to the extent not prohibited by law, furnish
24 such information, suggestions, estimates, and statis-

1 tics directly to the Commission, upon request made
2 by the Chair (Co-chairs, if elected).

3 (2) TREASURY DEPARTMENT.—The Secretary
4 of the Treasury is authorized on a nonreimbursable
5 basis to provide the Commission with administrative
6 services, funds, facilities, staff, and other support
7 services for the performance of the Commission’s
8 functions.

9 (3) GENERAL SERVICES ADMINISTRATION.—
10 The Administrator of General Services shall provide
11 to the Commission on a nonreimbursable basis such
12 administrative support services as the Commission
13 may request.

14 (4) JOINT COMMITTEE ON TAXATION.—The
15 staff of the Joint Committee on Taxation is author-
16 ized on a nonreimbursable basis to provide the Com-
17 mission with such legal, economic, or policy analysis,
18 including revenue estimates, as the Commission may
19 request.

20 (5) OTHER ASSISTANCE.—In addition to the as-
21 sistance set forth in paragraphs (1), (2), (3), and
22 (4), departments and agencies of the United States
23 are authorized to provide to the Commission such
24 services, funds, facilities, staff, and other support

1 services as they may deem advisable and as may be
2 authorized by law.

3 (6) POSTAL SERVICES.—The Commission may
4 use the United States mails in the same manner and
5 under the same conditions as departments and agen-
6 cies of the United States.

7 (7) GIFTS.—The Commission may accept, use,
8 and dispose of gifts or donations of services or prop-
9 erty in carrying out its duties under this Act.

10 **SEC. 8. STAFF OF THE COMMISSION.**

11 (a) IN GENERAL.—The Chair (Co-Chairs, if elected),
12 in accordance with rules agreed upon by the Commission,
13 may appoint and fix the compensation of a staff director
14 and such other personnel as may be necessary to enable
15 the Commission to carry out its functions without regard
16 to the provisions of title 5, United States Code, governing
17 appointments in the competitive service, and without re-
18 gard to the provisions of chapter 51 and subchapter III
19 or chapter 53 of such title relating to classification and
20 General Schedule pay rates, except that no rate of pay
21 fixed under this subsection may exceed the equivalent of
22 that payable to a person occupying a position at level V
23 of the Executive Schedule under section 5316 of title 5,
24 United States Code. Any Federal Government employee
25 may be detailed to the Commission without reimbursement

1 from the Commission, and such detailee shall retain the
2 rights, status, and privileges of his or her regular employ-
3 ment without interruption.

4 (b) CONSULTANT SERVICES.—The Commission is au-
5 thorized to procure the services of experts and consultants
6 in accordance with section 3109 of title 5, United States
7 Code, but at rates not to exceed the daily rate paid a per-
8 son occupying a position at level IV of the Executive
9 Schedule under section 5315 of title 5, United States
10 Code.

11 **SEC. 9. COMPENSATION AND TRAVEL EXPENSES.**

12 (a) COMPENSATION.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), each member of the Commission may be
15 compensated at not to exceed the daily equivalent of
16 the annual rate of basic pay in effect for a position
17 at level IV of the Executive Schedule under section
18 5315 of title 5, United States Code, for each day
19 during which that member is engaged in the actual
20 performance of the duties of the Commission.

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

1 (b) TRAVEL EXPENSES.—While away from their
 2 homes or regular places of business in the performance
 3 of services for the Commission, members of the Commis-
 4 sion shall be allowed travel expenses, including per diem
 5 in lieu of subsistence, in the same manner as persons em-
 6 ployed intermittently in the Government service are al-
 7 lowed expenses under section 5703(b) of title 5, United
 8 States Code.

9 **SEC. 10. REPORT OF THE COMMISSION; TERMINATION.**

10 (a) REPORT.—Not later than 18 months after the
 11 date of the first meeting of the Commission, the Commis-
 12 sion shall submit a report to the Committee on Ways and
 13 Means of the House of Representatives and the Committee
 14 on Finance of the Senate. The report of the Commission
 15 shall describe the results of its review under section 6(b),
 16 shall make such recommendations for fundamental reform
 17 and simplification of the Internal Revenue Code of 1986
 18 as the Commission considers appropriate, and shall de-
 19 scribe the expected impact of such recommendations on
 20 the economy and progressivity and general administra-
 21 bility of the tax laws.

22 (b) TERMINATION.—

23 (1) IN GENERAL.—The Commission, and all the
 24 authorities of this Act, shall terminate on the date

1 which is 90 days after the date on which the report
2 is required to be submitted under subsection (a).

3 (2) CONCLUDING ACTIVITIES.—The Commis-
4 sion may use the 90-day period referred to in para-
5 graph (1) for the purposes of concluding its activi-
6 ties, including providing testimony to committees of
7 Congress concerning its report and disseminating
8 that report.

9 (c) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated such sums as may be
11 necessary for the activities of the Commission. Until such
12 time as funds are specifically appropriated for such activi-
13 ties, \$2,000,000 shall be available from fiscal year 2001
14 funds appropriated to the Department of the Treasury,
15 “Departmental Offices” account, for the activities of the
16 Commission, to remain available until expended.

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