

110TH CONGRESS
1ST SESSION

H. R. 3417

To establish the Commission on the Tax Treatment of Hedge Funds and
Private Equity.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 2007

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

A BILL

To establish the Commission on the Tax Treatment of Hedge
Funds and Private Equity.

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 “Commission on the
5 Tax Treatment of Hedge Funds and Private Equity Act
6 of 2007”.

7 **SEC. 2. ESTABLISHMENT.**

8 There is established a commission to be known as the
9 “the Commission on the Tax Treatment of Hedge Funds

1 and Private Equity” (in this Act referred to as “the Com-
2 mission”).

3 **SEC. 3. DUTIES OF THE COMMISSION.**

4 (a) IN GENERAL.—The Commission shall review the
5 hedge fund and private equity industry in the United
6 States and make recommendations to Congress on the tax
7 treatment for these industries.

8 (b) PARTICULAR ISSUES.—In carrying out its duties
9 under subsection (a), among the issues the Commission
10 shall consider are the following:

11 (1) The fairness and equity of various tax treat-
12 ments.

13 (2) The impact of any proposed changes to the
14 tax treatment of hedge funds and private equity,
15 specifically on—

16 (A) employment and job creation,

17 (B) investors, including institutional inves-
18 tors like pension funds and college endowments,

19 (C) United States competitiveness and the
20 state of the United States as the world’s pre-
21 miere financial center, and

22 (D) technology and innovation.

23 (3) The regulatory structure of these entities.

1 **SEC. 4. MEMBERSHIP.**

2 (a) NUMBER AND APPOINTMENT.—The Commission
3 shall be composed of 10 members appointed as follows:

4 (1) 3 members shall be appointed by the major-
5 ity leader of the Senate.

6 (2) 3 members shall be appointed by the Speak-
7 er of the House of Representatives.

8 (3) 2 members shall be appointed by the minor-
9 ity leader of the Senate.

10 (4) 2 members shall be appointed by the minor-
11 ity leader of the House of Representatives.

12 (b) QUALIFICATIONS.—The members shall have
13 knowledge and expertise in matters to be studied by the
14 Commission, except that the members shall not have a
15 conflict of interest with any matter the issue is required
16 to review under section 3.

17 (c) TERMS.—Members shall be appointed for the life
18 of the Commission.

19 (d) VACANCIES.—Any vacancy in the Commission
20 shall be filled in the same manner as the original appoint-
21 ment.

22 (e) CHAIR.—The Chair of the Commission shall be
23 designated by the Speaker of the House of Representa-
24 tives, after consulting with the majority leader of the Sen-
25 ate and the minority leaders of the House of Representa-
26 tives and the Senate.

1 (f) DEADLINE FOR APPOINTMENT.—The appoint-
2 ments of the members of the Commission shall be made
3 no later than 30 days after the date of enactment of this
4 Act.

5 (g) BASIC PAY.—

6 (1) RATES OF PAY.—Except as provided in
7 paragraph (2), members shall each be paid at a rate
8 not to exceed the rate of basic pay for level IV of
9 the Executive Schedule for each day (including trav-
10 el time) during which they are engaged in the actual
11 performance of duties vested in the Commission.

12 (2) PROHIBITION OF COMPENSATION OF FED-
13 ERAL EMPLOYEES.—Members of the Commission
14 who are full-time officers or employees of the United
15 States may not receive additional pay, allowances, or
16 benefits by reason of their service on the Commis-
17 sion.

18 (h) TRAVEL EXPENSES.—Each member shall receive
19 travel expenses, including per diem in lieu of subsistence,
20 in accordance with applicable provisions under subchapter
21 I of chapter 57 of title 5, United States Code.

22 (i) RETIRED ANNUITANTS.—A member of the Com-
23 mission who is an annuitant otherwise covered by section
24 8344 or section 8468 of title 5, United States Code, shall
25 not be subject to the provisions of that section with respect

1 to membership on the Commission by reason of member-
2 ship on the Commission.

3 (j) QUORUM.—A majority of the members of the
4 Commission shall constitute a quorum, but a lesser num-
5 ber may hold hearings.

6 (k) MEETINGS.—

7 (1) FIRST MEETING.—The Commission shall
8 hold its first meeting on a date designated by the
9 Speaker of the House of Representatives which is
10 not later than 30 days after the date on which all
11 members have been appointed.

12 (2) SUBSEQUENT MEETINGS.—After the first
13 meeting, the Commission shall meet upon the call of
14 the Chair.

15 **SEC. 5. STAFF OF COMMISSION.**

16 (a) DIRECTOR.—The Commission shall have a Direc-
17 tor who shall be appointed by the Chair. The Director
18 shall be paid a rate not to exceed the maximum rate of
19 basic pay for GS–15 of the General Schedule.

20 (b) ADDITIONAL STAFF.—In addition to the Direc-
21 tor, the Chair may appoint and fix the pay of up to 3
22 staff members, except that any staff member appointed
23 under this subsection shall not be paid at a rate to exceed
24 the maximum rate of basic pay for GS–15 of the General
25 Schedule.

1 (c) APPLICABILITY OF CERTAIN CIVIL SERVICE
2 LAWS.—The Director and staff of the Commission may
3 be appointed without regard to the provisions of title 5,
4 United States Code, governing appointments in the com-
5 petitive service, and may be paid without regard to the
6 provisions of chapter 51 and subchapter III of chapter 53
7 of that title relating to classification and General Schedule
8 pay rates.

9 (d) STAFF OF FEDERAL AGENCIES.—Upon the re-
10 quest of the Chair of the Commission, the head of any
11 Federal department or agency may detail, without reim-
12 bursement, any of the personnel of that department or
13 agency to the Commission to assist in carrying out its du-
14 ties under this Act.

15 **SEC. 6. POWERS OF COMMISSION.**

16 (a) HEARINGS AND SESSIONS.—The Commission
17 may, for the purpose of carrying out this Act, hold hear-
18 ings, sit and act at times and places, take testimony, and
19 receive evidence as the Commission considers appropriate.

20 (b) POWERS OF MEMBERS AND AGENTS.—Any mem-
21 ber or agent of the Commission may, if authorized by the
22 Commission, take any action which the Commission is au-
23 thorized to take by this section.

24 (c) OBTAINING OFFICIAL DATA.—The Commission
25 may secure directly from any agency of the United States

1 information necessary to enable it to carry out this Act.
2 Upon the request of the Chair of the Commission, the
3 head of that department or agency shall furnish that infor-
4 mation to the Commission.

5 (d) **MAILS.**—The Commission may use the United
6 States mails in the same manner and under the same con-
7 ditions as other departments and agencies of the United
8 States.

9 (e) **ADMINISTRATIVE SUPPORT SERVICES.**—Upon
10 the request of the Commission, the Administrator of Gen-
11 eral Services shall provide to the Commission, on a reim-
12 bursable basis, the administrative support services nec-
13 essary for the Commission to carry out its responsibilities
14 under this Act.

15 **SEC. 7. REPORT.**

16 (a) **IN GENERAL.**—The Commission shall transmit a
17 final report to the President and Congress not later than
18 90 days after the date on which the members of the Com-
19 mission are first appointed.

20 (b) **CONTENTS.**—The final report shall contain a de-
21 tailed statement of the findings, conclusions, and rec-
22 ommendations of the Commission which address the issues
23 stated in section 3(b).

1 **SEC. 8. TERMINATION.**

2 The Commission shall terminate 30 days after the
3 date on which the Commission submits its final report to
4 the President and Congress under section 7.

5 **SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

6 There are authorized to be appropriated such sums
7 as may be necessary to carry out this Act.

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