

to fast track, and I will be there when the roll is called. I thank the Senator.

I ask unanimous consent that the time I have taken of the Senator's 10 minutes not be charged against the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, the Senator from West Virginia has long been concerned and interested in international trade. I very much value and appreciate his support. It is not the case that the Senator from West Virginia, myself, and others, who believe that fast track is inappropriate and our trade strategy has not worked believe we should put walls around our country or restrict international trade. I think we ought to expand it.

I say this to those folks who talk about fast track: If you want to be fast about something, do something fast, put on your Speedo trunks and do something quickly, and start to quickly solve the trade problems we have. I can cite a dozen of them that undercut American jobs and American producers, workers, and farmers. If you want to be fast about something, let's be fast about starting to solve a few of these problems.

Just demonstrate that you can solve one; it doesn't have to be all of them. Demonstrate that this country has the nerve and will to stand up and say to other countries: If our market is open to you, then your market has to be open to us. We pledge to you that we will be involved in fair trade with you. We demand and insist that you be involved with fair trade practices with us. If not, this country has the will and the nerve to take action.

That is all I ask. If you want to be fast, don't come around here with fast track, come around with fast action to solve trade problems. Show me that you can solve one of them just once. Then let's talk about trade once again.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

(The remarks of Mr. DORGAN pertaining to the introduction of S. 1357 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

RESTRUCTURING THE INTERNAL REVENUE SERVICE

Mr. KERREY. Mr. President, I was very encouraged to read in this morning's newspaper the majority leader's comments about the agenda for the rest of the session. An agreement has been reached on bringing up campaign finance reform next year.

On the list of things that the majority leader had was taking action to restructure the Internal Revenue Service. It was a very controversial debate over one proposal that Congressman PORTMAN, Senator GRASSLEY, Con-

gressman CARDIN, and I introduced a couple of months ago dealing with a proposed public board of directors. A lot of attention was paid to that. Unfortunately, in the process of paying attention to that, we lost sight and a lot of people lost sight of some of the other things that we are going to legislate on that are terribly important.

I was pleased to see, since the House has passed it, that the majority leader indicated that is one of the things he is going to try to get done sometime during the rest of the year. There is broad consensus on some of the things which we know will improve the operational efficiency of the Internal Revenue Service.

Chairman ROTH's Finance Committee had 3 days of hearings on a separate set of issues dealing with privacy, dealing with the power of the Internal Revenue Service to demand action on the part of taxpayers.

These are very important issues, and the chairman has indicated his desire to take up next year the consideration of those issues. I have great respect for Chairman ROTH and his desire to bring attention to the Internal Revenue Service. His intent and his sincerity lead to, I believe, the citizens of the United States seeing that change is needed. However, I believe action is needed yet this year in order to give the new IRS Commissioner, Mr. Rossotti, the authority he needs to be able to manage this agency.

One of the things we found in our restructuring commission when we began in 1995 was that the General Accounting Office disclosed that nearly \$4 billion worth of modernization and purchase of computers and software had not produced the desired result and had essentially been wasted. We began our effort in 1995. We held hearings in 1996 and 1997—12 public hearings, thousands of interviews with current employees and taxpayers and professionals that help and assist taxpayers.

We reached our decision in our restructuring commission that the current law was unacceptable, that it would not allow us to go from where we are today to where citizens need to have us go.

Today, 85 percent of Americans voluntarily comply with the Tax Code. That is down from 95 percent 30 years ago. The real test is what does the tax-paying citizen think of the existing system? Their confidence is deteriorating rapidly, and it is deteriorating as a consequence of the law. The law makes it impossible for the Commissioner to manage that agency the way we all want the Commissioner to be able to manage the agency.

We proposed legislation. The legislation has now been passed by the House and has the full support of the President. The President is now calling upon us to take action. As I said, I am hopeful that the majority leader's comments in this morning's paper are an indication that there is still a chance that we can get this done.

We found in our commission deliberations a number of problems that are addressed in this legislation.

First, as I said, the Commissioner can't manage the agency. He can't make decisions to fire. He can't make decisions to reward based upon performance. He can't make decisions to reorganize. He can't make decisions to run the Agency. The law doesn't allow it. You can get whoever you want to come in—and I think the President has found an exceptional individual from the private sector who understands technology and who understands how to manage an organization—but the law does not give Mr. Rossotti the authority that Mr. Rossotti is going to need to manage the Agency.

We also found that there is inconsistent oversight both from the executive branch and from the legislative branch. So we propose not only a public board of citizens that would have responsibility for developing a strategic plan, but we also propose to create twice a year a joint hearing of appropriations and authorizers and government operations people to give not just the oversight but give us an opportunity to achieve consensus on what the strategic plan is going to be. Twice a year that would be required in order to achieve consensus and, most importantly, achieve consensus for the purpose of being able to make the right investments in technology, being able to sustain the effort over a period of time to do the improvement of operations that are necessary.

It is very difficult to operate the IRS with 200 million tax returns a year. We are heading into the filing season right now. It is an unimaginable problem to try to manage this Agency and satisfy all of the various demands and answer all of the various questions that tax-paying customers have as well as being able to go out and enforce the law against a relatively small percentage of people who are not willing to voluntarily comply with the law; not to mention as well the difficult challenge of adjusting the software and rewriting software for the millennium problem that needs to be solved in the next 18 months in order to be prepared on December 1, 1999, for what will occur, which is the computers will no longer recognize 99 as being 1999—a very big problem for a small agency, and an enormous problem for an agency like the IRS that will be in the middle of a filing season, if their computers go down and they are unable to recognize that number.

So there is an urgency to get this law changed so that this Commissioner can have the authority to manage, the authority that is needed so the Commissioner has the kind of oversight that is needed, and in order to have any chance at all of being able to manage this Agency, to reduce the current problems and avoid future problems as well.

The legislation provides incentives for electronic filing. We found in our

examination of the Internal Revenue Service that there was a 25-percent rate of error in the paperwork. In electronic filing the rate of error was less than 1 percent. Errors mean dollars both to the filers as well as the organization that is being operated. There is a tremendous opportunity for saving money both from standpoint of the taxpayer in what it costs to comply with the code as well as the taxpayer from the standpoint of operating the IRS.

We believe, and everybody who has looked at it believes, that electronic filing is a tremendous way to save money and satisfy the demand of the customer to close this breathtaking gap that currently exists between what a private sector financial service agency can do and what the IRS can do. All of us understand what an ATM card is. All of us have seen what the private sector has done to reduce the amount of time needed to do a transaction with a financial institution. The IRS has been unable to keep pace with what the private sector is doing, and we think that electronic filing is not only likely to save money but will also increase people's confidence that the IRS is closing the gap between what the private sector is able to do and what they are able to do.

We have a section in there on taxpayer rights. We do not address the so-called 6103, the privacy issues, that Chairman ROTH and Senator MOYNIHAN did with the Finance Committee, but there are a number of things where we are absolutely certain that, if we make some changes, the taxpayer will have increased authority. We give the taxpayer advocate more independence, moving them outside the IRS; it is very difficult to imagine that person doing the job they need to do if, after they criticize the IRS, they then depend on the IRS personnel system in order to be advanced.

We make some additional changes on the burden of proof. We think having modified it slightly does not produce a situation that will result in a deterioration of our ability to get voluntary compliance or impose a burden upon individuals who are willing to comply in a voluntary fashion.

We provide as well, Mr. President, some changes that will I think address the problem of a complex Code, not by reforming the Tax Code but by putting the Commissioner at the table and giving the Commissioner the authority to comment either on proposals made by the President or by the Congress as to the cost of compliance and putting in a complexity index that would give us some kind of idea of cost anytime we have some new change we want to make.

Over and over and over we heard from witnesses coming before the Commission who said to us almost nothing is going to work if Congress continues to make the Code complex. If we continue to add provisions that add to the already estimated \$200 billion that the private sector taxpayer pays in order

to complete their forms, if we continue to make the Tax Code more and more complicated, it is going to be very difficult to manage the Agency for the purpose of reducing the customer dissatisfaction and increasing the voluntary compliance with the system.

Mr. President, I am very encouraged, and I hope we are able, in fact—there is now 13 of the 20 members of the Finance Committee who are supportive of this legislation. My guess is it will pass the Senate with a very large number. I have heard very few people raise objections now that we have reached agreement with the administration. I have heard very few people say this legislation would not help an awful lot. There will be 200 or more collections notices a day going out between now and the time that we act, 800,000 notices of either audits or other kinds of requirements sent to the taxpayers every single month. There is an urgency to act on this.

Are there other things that need to be done? The answer is yes. Will it solve every problem? The answer is no. But it will give the Commission the tools the Commissioner needs to manage the agency. It will change the oversight and make it possible for us to get shared and agreed consensus on where it is we are going to go. It will give the taxpayer more authority and more power than they currently have. And it will enable us to assess whether or not some new tax idea that we have is going to cost us more to implement than we are going to generate in revenue as a result of the change in the Code.

So I am very encouraged by the majority leader's comments in the paper this morning, and I am hopeful in that bipartisan way, in a big bipartisan way we can pass in the Senate, conference with the House, and send to the President for his signature a change in the law that would give taxpaying citizens increased confidence not only that they are going to get a fair shake but that Government of, for, and by the people works.

Mr. President, I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FRIST). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SMALL BUSINESS PROGRAMS RE-AUTHORIZATION AND AMENDMENTS ACT OF 1997

Mr. BOND. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on (S. 1139) to authorize the programs of the Small Business Administration, and for other purposes.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1139) entitled "An Act to reauthorize the programs of the Small Business Administration, and for other purposes," do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *SHORT TITLE*.—This Act may be cited as the "Small Business Programs Reauthorization and Amendments Acts of 1997".

(b) *TABLE OF CONTENTS*.—

Sec. 1. *Short title; table of contents.*

TITLE I—AUTHORIZATIONS

Sec. 101. *Authorizations.*

TITLE II—FINANCIAL PROGRAMS

Subtitle A—General Business Loans

Sec. 201. *Securitization regulations.*

Sec. 202. *Background check of loan applicants.*

Sec. 203. *Report on increased lender approval, servicing, foreclosure, liquidation, and litigation of 7(a) loans.*

Sec. 204. *Completion of planning for loan monitoring system.*

Subtitle B—Certified Development Company Program

Sec. 221. *Reauthorization of fees.*

Sec. 222. *PCLP participation.*

Sec. 223. *PCLP eligibility.*

Sec. 224. *Loss reserves.*

Sec. 225. *Goals.*

Sec. 226. *Technical amendments.*

Sec. 227. *Promulgation of regulations.*

Sec. 228. *Technical amendment.*

Sec. 229. *Repeal.*

Sec. 230. *Loan servicing and liquidation.*

Sec. 231. *Use of proceeds.*

Sec. 232. *Lease of property.*

Sec. 233. *Seller financing.*

Sec. 234. *Preexisting conditions.*

Subtitle C—Small Business Investment Company Program

Sec. 241. *5-year commitments.*

Sec. 242. *Program reform.*

Sec. 243. *Fees.*

Sec. 244. *Examination fees.*

Subtitle D—Microloan Program

Sec. 251. *Microloan program extension.*

Sec. 252. *Supplemental microloan grants.*

TITLE III—WOMEN'S BUSINESS ENTERPRISES

Sec. 301. *Reports.*

Sec. 302. *Council duties.*

Sec. 303. *Council membership.*

Sec. 304. *Authorization of appropriations.*

Sec. 305. *Women's business centers.*

Sec. 306. *Office of Women's Business Ownership.*

TITLE IV—COMPETITIVENESS PROGRAM

Sec. 401. *Program term.*

Sec. 402. *Monitoring agency performance.*

Sec. 403. *Reports to Congress.*

Sec. 404. *Small business participation in dredging.*

Sec. 405. *Technical amendment.*

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. *Small business development centers.*

Sec. 502. *Small business export promotion.*

Sec. 503. *Pilot preferred surety bond guarantee program extension.*

Sec. 504. *Very small business concerns.*

Sec. 505. *Extension of cosponsorship authority.*

Sec. 506. *Trade assistance program for small business concerns harmed by NAFTA.*

TITLE VI—SERVICE DISABLED VETERANS

Sec. 601. *Purposes.*

Sec. 602. *Definitions.*

Sec. 603. *Report by Small Business Administration.*

Sec. 604. *Information collection.*

Sec. 605. *State of small business report.*