

Breed ordered his secretary to remove copies of her administrative report from USDA files.

But Gardei's April 3 statement to USDA investigators makes no mention of any calls in October from Haas or any other California strawberry leader.

Neither Gardei nor Breed have been available for interview. Breed denies in his statement to the inspector general's office that he sought to cover up or mislead USDA investigators. His secretary denied in her statement that he ordered her to remove Gardei's administrative report from USDA files.

While Michigan's Abraham had hoped to have a subcommittee hearing soon to explore USDA handling of the strawberry purchase and probe, congressional aides say it appears as if no hearing will be held this year.

Congressional aides say USDA Inspector General Roger C. Viadero has asked to meet privately with interested legislators about the issue.

Mr. ABRAHAM. Mr. President, this information, if true, is very inconsistent with what was asserted by Federal officials at a June 5 hearing of the full Agriculture Committee. There, USDA officials testified at the hearing that they knew nothing more than nonspecific and vague complaints of potential violations at Andrew & Williamson, the San Diego company which sold the fruit to the Government for school lunches.

If the newspaper article and witness allegations are true, it would certainly raise serious questions as to whether the full committee and this Senator were misled. I believe we are owed an explanation and suggest the Government officials involved be called to testify under oath regarding their actions.

Senator COVERDELL has written USDA to ask for a response to these serious charges, but so far nothing has been heard. It is my intention to keep pressing the USDA for answers as well as seek the appropriate oversight of this matter. I want to be sure that the Government agencies responsible for protecting us are doing their job.

This dangerous incident, the poisoning of Michigan children by their own School Lunch Program, should concern us all, Mr. President. The company involved seems to have demonstrated a reckless disregard for public safety.

To that end, I have introduced legislation which makes such conduct a felony with a maximum penalty of 5 years imprisonment and/or a fine of \$250,000 per count. This change in law will ensure that individuals who intentionally misrepresent their goods will now suffer the appropriate consequences of their actions. The recent outbreaks of hepatitis A, cyclospora and *E. coli* demonstrate that a new commitment to food safety is sorely needed in this country. I will continue working to see that Congress takes the appropriate measures to assist the USDA, FDA, and Centers for Disease Control in their efforts to keep America's food supply the safest in the world.

Mr. President, I yield the floor.

EXECUTIVE SESSION

NOMINATION OF CHARLES ROSSOTTI, OF THE DISTRICT OF COLUMBIA, TO BE COMMISSIONER OF INTERNAL REVENUE

The Senate continued with the consideration of the nomination.

Mr. MOYNIHAN. Mr. President, I yield such time as he may require to my distinguished friend and colleague on the Finance Committee, the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. Mr. President, I thank the ranking member, the Senator from New York, for recognizing me.

I take this time just to say a couple of words about the President's nominee to be the Internal Revenue Service Commissioner, Mr. Charles Rossotti, who I enthusiastically support. I think the President has made a good choice. It is interesting to note that this appointment will be the first nontax lawyer to head the Internal Revenue Service since World War II. That might not make a lot of waves in some areas, but I think considering the problems we are experiencing with the Internal Revenue Service that this is a very positive qualification at the current time.

I say that because I think that many of the problems that we heard in the days of hearings that we had in the Senate Finance Committee about the Internal Revenue Service were not so much tax problems but human problems; not so much a problem about how much money was being collected and where it was being collected from or where it was not being collected from, but really more evidence was given to us about mishandling of individuals, mistreatment of individuals, setting quotas for Internal Revenue Service agents that they had to meet in order to be considered for an appointment; review processes of Internal Revenue Service personnel that were conducted by Internal Revenue Service personnel themselves whose appointments many times were based on how they defended the Internal Revenue Service.

These are not problems that call for a tax attorney but rather cry out for a person who is experienced in the business world, who is experienced with handling large numbers of employees, who is experienced in the management of a company or in the management of a corporation. These are the type of qualifications that I think are needed at this particular time in the history of the Internal Revenue Service. It is a very large agency with over 100,000 employees, and, of course, there are going to be mistakes made. The question is not whether mistakes are going to be made, but rather how we correct those mistakes. I think Mr. Charles Rossotti brings a particular degree of expertise to this position at this particular time.

I was interested in some of the answers that he gave when we asked him questions about what he thought need-

ed to be done and how would he approach his job. I think the responses we received were right on target for what is needed at this time.

He said that he would not tolerate IRS workers who treat taxpayers abusively and would fire such workers as necessary.

I don't know about my colleagues, but as one Member of the Senate, I feel a sense of apprehension when I deal with the Internal Revenue Service, and I am a Member of the U.S. Senate and sit on the Senate Finance Committee which has jurisdiction over the Internal Revenue Service. Yet, I feel a little hesitant when I deal with the agency for fear of doing something wrong. It is like that knock on the door that comes and someone says, "It is the IRS," and they are here to see you and you go into an absolute panic. That should not be the feeling that Americans have toward an agency that really works for them. They work for the taxpayers of this country, as do we.

So I was very pleased to see Charles Rossotti say, "I will not tolerate IRS workers who treat taxpayers abusively and would fire such workers, if necessary."

He also said that the practice of evaluating an IRS employee performance based on quotas or based on how many cases they make will not be a determining factor in how well they do within the agency. I think that is important.

I think some of our colleagues have probably had experiences in respective States where State troopers were promoted and evaluated based on how many tickets they wrote. It was a quota system. They had to issue so many tickets in 1 day or they were going to be looked upon as not doing their job properly. That is something that I think is a mistake.

Mr. Charles Rossotti has indicated that that will not be the basis for evaluating and determining performances by IRS agents. I think that is a step in the right direction. They should not be judged just on how much money they bring in. They should be judged on a whole series of factors on how they perform on their jobs, not the least of which is how they treat the people they work for—the taxpayers of this country.

He outlined three principles. These are not tax principles. These are personnel principles, management principles, and that is why I think he is the right man for the job at this time.

In talking about management responsibility, he said he would expect managers to keep on top of activities under their authority and quickly halt abuses. These managers will be responsible for the abuses that may or may not occur within their jurisdiction.

He said that he was going to be strongly supportive of open communication. He wants to create an atmosphere in which workers are willing to bring problems to the attention of the managers without fear of reprisal. That is a personnel decision. We had people

from the agency testifying before our committee behind a screen to separate them from the other IRS personnel for fear of retribution because of their testimony.

They actually said they were fearful to tell anybody about the problems that they saw for fear of being retaliated against or demoted or never promoted because of their willingness to come up and say, "Look, there's something wrong in my section. I don't think we're dealing right with the people that we work for." So I was very pleased to see that the nominee addressed the question of open communication.

And then, finally, on the performance measurements—and I mentioned this—he said, there will be no revenue quotas or perceptions of quotas in worker evaluation. Instead, he said he wants to create a set of measurements that do in fact measure what we want, including taxpayer satisfaction with their dealings with the agency.

I think that that goes a long way. If an agent is of the opinion that he is going to be judged on his performance based on how much money he brings in, there is a certain degree of pressure to go out and do as much as he or she possibly can. That should not be the guiding principles of the Internal Revenue Service agents when they deal with the American public.

The final point I make is that I think most of us would agree that the American taxpayer should feel there is someone within this department that is on their side. They know that the 104,000 Internal Revenue Service agents have a job, that their job is to collect the legitimate revenues that are owed by taxpayers so that their country could be a better place, a safer place in which to live. They understand that.

But right now they feel that in dealing with this agency of Government, there is no one on their side, that they are against a bureaucracy and that they are really helpless, particularly when they understand that they have to somehow prove themselves innocent if they are ever accused by the Internal Revenue Service. I think that is wrong.

I mean, every courthouse in America that I have ever been in, when someone is accused of doing something wrong, the person who is bringing that accusation, whether it be a State's attorney, the district attorney, or what have you, has an obligation to make the case beyond a reasonable doubt and with a preponderance of the evidence in civil cases and beyond a reasonable doubt in criminal cases. The person making the accusation has to prove it to various standards according to the court that they happen to be operating in—except here, where the Government can bring down the full bureaucracy of the American Government on an individual taxpayer, and somehow that individual has to come in and say, "Let me attempt to prove my innocence," instead of having the Government prove that something was done incor-

rectly, improperly, or illegally in order to justify a penalty against the American taxpayer. I think that is incorrect. I think that that should be changed.

The other point that I think is important to note right now is that we have legislation—I have introduced it with a number of cosponsors; it has been incorporated into the Senators KERREY and GRASSLEY proposal—which creates this commission, which creates what I will call a Taxpayer Protection Office where when the taxpayer has a problem with the agency, that he or she knows there is some place where he or she can go, either by walking into a district office or using a 1-800 telephone number to explain their side of the dispute and have someone in the agency take the time to learn their side of the issue, so that they can have someone to represent them and their position before their own Government. I think that is important.

We have a type of office like that now called the Taxpayer's Advocate, but it really is run by IRS agents. They are only going to be there a short time. Then they will be promoted or demoted, depending on their performance, to some other part of the department at a later date. So those people are just moving through the system.

Our legislation says that these people shall not directly be IRS employees, but should be more an organization that looks after the interests of the taxpayer and would be subject to the Commissioner himself's jurisdiction. I think that should go a long way to helping the American taxpayer know that within this bureaucracy there is some department, some division, someone who is actually going to be on their side and help them represent their case to the Internal Revenue Service itself.

So I think that is where we are today, and the question before the Senate is, should the Senate confirm this nominee? I enthusiastically lend my support to the nomination. We had an excellent hearing with him. I think what he said was right on target. The fact that he is not a tax lawyer is probably part of his qualifications for this particular title. I support the nomination.

I yield the floor.

Mr. GRASSLEY addressed the Chair. The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I ask unanimous consent that my time be taken from the leader's time.

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

Mr. GRASSLEY. Mr. President, I voted for Mr. Rossotti to be reported out of the Senate Finance Committee. So, obviously, I support his nomination on the floor of the Senate today.

His résumé differs from many of his predecessors. That is, he did not come to this position through appointment of the President as a tax practitioner. He comes to us from having succeeded

in the business world, but not as a tax lawyer.

In business, he provided a superior product and a superior service. The country desperately needs a superior product and superior service at the IRS and a manager who can deliver both. That is why the country needs someone like Charles Rossotti to be Commissioner of the IRS.

Senator KERREY and I found, through our work on the Commission to Restructure the IRS, that what the IRS really needed was not a tax lawyer to head it up. That had been tradition. What they need is an organizational leader. I think Charles Rossotti fills that responsibility. The duties of the IRS are very much like a big business organization.

Last year, the IRS had revenue of \$1.4 trillion and a congressional appropriation of over \$7 billion to collect that money. On the other hand, the IRS cannot satisfy the General Accounting Office that its books are in order. The IRS has a work force of 106,000 people. This compares to the 50 largest business organizations in America. The IRS serves 115 million individual taxpayers. Last year, it received 76 million inquiries. It handles 200 million different tax returns and over 1 billion information returns annually.

It has offices in every State in the Nation. The National Treasury Employees Union is one of the largest labor unions in the country. The IRS deals with over 12,000 financial institutions and 12 Federal Reserve banks in some 600 locations.

All of these things taken together require a manager with very special skills. Those skills do not necessarily involve expertise in the Tax Code. Consequently, that is my argument. The tradition of having a tax lawyer as IRS Commissioner is overblown. Somebody with organizational skills coming from a business organization with a proven track record in that environment is the best person to run this massive organization we call the IRS.

The IRS Commissioner's job has been thought of as the chief tax collector of our country. In a way, I hope that Mr. Rossotti does not become the Nation's chief tax collector. We all expect him to collect every dollar that is legally due.

But I would rather think of the Commissioner's job as that of the "chief customer service representative" at the IRS. We need to instill, in other words, through Mr. Rossotti and his background, the attitude of customer service at the IRS. In other words, another way to say that would be to put the word "service" back into the Internal Revenue Service. Mr. Rossotti seems to recognize improved customer service as his personal task. In the private sector he knew his organization would not be successful without putting customer service No. 1 on his priority.

In January this year I wrote to the President. I discussed the kind of person that we would need to be the next

IRS Commissioner. Mr. President, I ask unanimous consent to have that letter printed in the RECORD.

There being no objection, the materials was ordered to be printed in the RECORD, as follows:

U.S. SENATE,

Washington, DC, January 13, 1997.

Re selecting a non-lawyer as the next IRS Commissioner.

The PRESIDENT,
The White House
Washington, DC.

DEAR MR. PRESIDENT: Presently you are confronted with the resignation of Internal Revenue Service Commissioner Margaret Milner Richardson. Though the Commissioner and I have disagreed on certain practices and policies of the IRS, we have had a good working relationship that has resulted in some successes.

As you begin to consider persons whom you will nominate as the next IRS Commissioner, I urge you to consider nominating a new kind of administrative leader for the IRS. Rather than focusing on lawyers with a workable knowledge of the tax law, it may be time to nominate someone who is both a non-Washington, D.C.-insider and a non-lawyer to be the next IRS Commissioner. A person educated in business and experienced in running a large private sector company would be better suited to administer the IRS than most lawyers.

The duties of IRS are very much like a business. The IRS would benefit from the leadership of a trained and experienced business person. Last year, the IRS had a revenue of 1.4 trillion dollars, and a Congressional appropriation of over 7 billion dollars, but it cannot balance its own books to satisfy our own Congressional accountants, the General Accounting Office.

The IRS has an employee workforce of 110,000 individuals. This makes it comparable to the group of the fifty largest companies in the country. The IRS has 115 million individual taxpayers that it must serve. As taxpayers, all of these customers, are also owners of the IRS. IRS received 76 million taxpayer inquiries last year. It handles 200 million different tax returns, and over 1 billion information returns annually. It has offices in every state in the nation. The employee union with which the Commissioner must deal, the National Treasury Employee's Union, is one of the largest labor unions in the country. The IRS deals with over 12,000 financial institutions and 12 Federal Reserve Banks in some 600 locations.

I think that these things suggest the need for an expertise that is not taught in law school and is not tested on any bar exam. The best of our prospective administrative leaders are found in this country's private sector companies. One would think that, if the President of the United States would ask, he would have his choice of the best of the best.

There will be people in both the public and private sector who will criticize the idea of a non-lawyer running the IRS. Many of these people will be professionals of what I call the federal tax industrial complex. About these criticisms, I will say two things. First, most of the critics will themselves be lawyers. Second, I will remind them that many non-lawyer CEOs of this country all have many lawyers who work for them, and they seem to get along just fine. I would even suggest that the stock-holders of big companies run by non-lawyers are much happier with the production and service of those companies, than the people who own the IRS, the federal taxpayers.

For these reasons, I sincerely hope that you can select a non-lawyer as your next

nominee for the post of IRS Commissioner. If you are interested, I would like to help you with the selection process.

Sincerely,

CHARLES E. GRASSLEY,
U.S. Senator.

Mr. GRASSLEY. In subsequent discussions with Deputy Secretary Summers we agreed that now is the time to acquire a nontax practitioner to lead the IRS.

With Mr. Rossotti, we hope to capture the benefit of a superior organizational leader. The risk is that a non-lawyer could not handle the legal side of the Commissioner job. At the Finance Committee hearing on Mr. Rossotti's nomination, I asked Mr. Rossotti how he intends to perform legal analysis as a Commissioner of the tax law agency when he does not have that background. He responded that he would do it exactly the same way he would do it as a private-sector business leader. He would hire good advisers, consult the experts, and make clear decisions based upon all the information supplied to him.

The Nation has a great opportunity with a person like Charles Rossotti. When coupled with legislative reform at the IRS, a nontax practitioner as IRS Commissioner represents a sea change at the IRS. The IRS is moving away from being a law enforcement agency and toward becoming a customer service agency. Of course, it is about time. Most people pay their taxes voluntarily and pay them honestly.

Therefore, I encourage all my colleagues to support Mr. Rossotti's nomination and then we can take up the matters of legislative reform of the IRS with him as an ally.

I think I need to speak for a moment in support of the Internal Revenue Service Restructuring and Reform Act, the Kerrey-Grassley legislation. Our bill, S. 1096, is the product of 1-year's work in the National Commission to Restructure the Internal Revenue Service. Senator KERREY and I participated in the commission as four congressional Members of this 17-member commission. The other 13 members were non-Congress-oriented, and 10 of those were from the private sector. So I think we had a broad range of expertise on this commission to study how can we make the IRS more consumer friendly and more efficient in its operation.

The House might pass this same legislation as early as tomorrow. Our legislation is maybe the only thing more important to the IRS and the taxpayers than who the next Commissioner might be. If that Commissioner is dedicated, as I think Mr. Rossotti is, to change at the IRS, then he needs our legislation in order to succeed.

I introduced S. 1096 with Senator KERREY last July. However, the Senate seems to be on track to address this legislation next year rather than this year. There are arguments to wait—and I think our distinguished chair-

man, Senator ROTH, is very sincere in his expression of these reservations. But, speaking for myself, delaying IRS reform is a mistake. The Senate should pass our legislation yet this year. The House is prepared to pass the companion bill. We can make IRS reform the law of the land before the 1997 holidays. If we did, the Senate would create a new reason for Americans to be thankful this November.

There are two reasons for the Senate to join the House in supporting the IRS Restructuring and Reform Act. First, troubled taxpayers literally can't wait for the relief that we provide in our bill. Second, the Senate will hopefully confirm the next IRS Commissioner nomination. Mr. Rossotti needs the tools that are in our bill in order for him to fully succeed in his job. Let's not require him to spin his wheels for another half-year. When you are dealing with the Internal Revenue Service, every day counts. If you are a tax-paying family and you are being hunted by the IRS, you need relief right away. If the Senate does not pass relief until 5 or 6 months from now, individual taxpayers will continue to suffer. At best, they may lose their life's assets. At worse, they may lose that which holds the family together. If you are in trouble with the IRS, 6 months is an eternity.

The IRS Restructuring and Reform Act would provide immediate relief to taxpayers in trouble. We would extend to taxpayers a greater ability to recover costs and fees incurred to defend the family against the aggressive tax man. In the Senate hearings where we had these sort of horror stories about how the IRS can treat the taxpayer, we found that many taxpayers simply pay an unlawful tax assessment. Often it is cheaper than a legal defense against the IRS.

When there is a tax due, our legislation sets standards and sets allowances within which we would require the IRS to make offers in compromise of a disputed claim. In other words, taxpayers get to pay their bill and go on with their lives. When a disputed claim includes both an IRS debt to the taxpayers and a taxpayer debt, we once and for all eliminate the IRS interest rate preference over taxpayers.

Currently, when you owe the IRS money you pay a higher percentage than when the IRS doesn't make your refund and the Government owes you money. So if we wait another 6 months, we continue to give the Government the monetary advantage over the taxpayer. The Government earns a higher rate of interest from taxpayers than what the taxpayer get in return. It is a matter of equity that we would not charge the taxpayer more than we are willing to pay the taxpayer for money not refunded.

Indeed, fundamental fairness is what finding a new breed of IRS Commissioner is all about. We are about ready to confirm Mr. Rossotti to be this person. I think he will be a fundamentally

new sort of IRS Commissioner. He is experienced in leading large multistate organizations. He is experienced in organizing state-of-the-art information systems. That is his business. He is experienced in providing customer service or he would not be the head of a very successful private-sector organization.

However, when he takes office, he is going to need all of the tools that we can think to provide him in order to succeed. It seems to me that Congress needs to pass legislation to knock down the legal barriers to his success on behalf of the taxpayer. Charles Rossotti needs the tools of reform on his very first day, not 6 months from now, and the IRS Restructuring and Reform Act provides those tools.

For example, our legislation provides that the incoming IRS Commissioners would sit for a single 5-year term. The revolving door between the Commissioner's office and the tax industry will be closed. We will require Commissioners to stick around long enough to reap what they sow. More important, we will provide the Commissioner with an independent board of nine persons who will be his strategic leaders. The board will provide guidance on long-term goals and investments. The Commissioner will implement the corresponding day-to-day leadership at the IRS.

Our legislation provides that the new Commissioner need not operate as a team of one. Our legislation offers the opportunity for the new Commissioner to bring in his or her own team of senior managers, because currently at the IRS and over decades of time, high-level bureaucrats at the IRS know they can always outlive any new IRS Commissioner. Previous IRS Commissioners have gone into those positions with high-level management there in a place frustrating what the Commissioner wants to accomplish.

So it seems to me that the taxpayers deserve the best. Our legislation allows the next Commissioner to recruit the best and then to retain the best. We make it clear as the intent of the law. Mr. Rossotti hopes that even under existing law he can bring people in from other agencies of Government, through the Senior Executive Service, to accomplish a team that he wants. However, it is not clear if he can bring in people from outside of Government. He will need such new faces in order to get the job done. We ought to give him the best team that he sees necessary to accomplish his goal.

However, I would say, having the right personnel is not enough because much of the trouble at the IRS stems from the IRS information system debacle. Currently, the IRS gets poor information from its computers and then makes it worse. In this age of information and technology, most persons are still filing paper tax returns. Then employees of the IRS input that data by hand at the IRS processing centers. This is where mistakes happen most

often. Each mistake translates into an expense of time, money and, most importantly, hardships for the taxpayers. In our legislation, the Senate offers some strategic direction.

We will direct the IRS and the next Commissioner to reach a target electronic tax filing rate of 80 percent by the year 2007. That 10 years starts right now, and it ought to start right now; it ought to not start 6 months from now when the Senate gets around to acting on this legislation. The Commissioner nominee recently told the Finance Committee that, once he can begin his job, it will take him 10 years to design and implement a state of the art information system at the IRS. We need to get that 10-year clock ticking right now, not 6 months from now. And the 10-year clock will not tick until the taxpayers get this legislation, the IRS Restructuring and Reform Act.

For example, our IRS Restructuring and Reform Act would provide and set standards for security and access to taxpayers' electronic accounts. If we are going to have electronic filing, we will need electronic payment. Otherwise, we would still have people out there licking stamps and going to the post office on April 15. Our legislation accomplishes these things and many more.

In short, waiting until next year to pass IRS reform is bad for taxpayers, and it's going to be lengthening the period of time that Mr. Rossotti will be the most effective Commissioner we have had for a long time.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

(The remarks of Mr. MOYNIHAN pertaining to the submission of Senate Resolution 142 are located in today's RECORD under "Submission of concurrent and Senate resolutions.")

Mr. CRAIG. Mr. President, today I rise in support of the nomination of Charles Rossotti to be IRS Commissioner. I don't know whether to offer this new Commissioner congratulations or condolences. He comes to the IRS at a time of great turmoil and, I must say, also at a time of great opportunity. The process of investigating and reforming the IRS has only just begun, and I commend Senator ROTH and the ranking member, the Senator from New York, Mr. MOYNIHAN, for holding the recent Finance Committee hearings, and especially commend the courage displayed by the witnesses at those hearings. I say "courage" because oftentimes in the past, as witnesses have come forward, they were to find themselves only later victims of a very aggressive rogue agency that would not adhere to any reasonable policy of treating the taxpayer as somebody who deserved appropriate treatment.

I suggest that those hearings and those witnesses are merely the tip of an iceberg; there is so much more to be uncovered and to be investigated. The

recent hearings were barely over when my office started hearing from basically two groups of taxpayers: those who were cynical, saying, well, now that the hearings are over, I suspect nothing more will happen and it will be business as usual.

That was the first type. The second type were those who were relieved to discover what appeared to be a very serious Congress finally looking toward reform and an effort to prevent IRS abuse. So they were saying to me, as a Senator, that they were not alone and that they were now willing to come forward and to express to me, or to a larger body of interest, their experience with the IRS, the problems they had.

Similarly, the IRS restructuring bill that is now moving through the other body is a start. Let me suggest, and I think the ranking member who is here on the floor, the Senator from New York, would agree it is only a start. Taxpayers deserve as much due process protection in the matter of taxes as do all other citizens dealing with our Government in all other issues.

Blatant disregard for individual rights has all been in pursuit of one goal by the IRS, and that was, "Get the money, get the money," and sometimes at nearly all costs to due process, and we heard some of those examples expressed by witnesses before the Finance Committee. Drug dealers, child molesters and organized crime in many instances have more legal rights than the average taxpayer whom the IRS suspects may owe a few dollars of back taxes.

With the IRS, the taxpayer is guilty until proven innocent, and therein lies the difference, because I will tell you that a drug dealer is, by law, innocent until proven guilty, as is the child molester. But we heard very clearly from those witnesses that they were guilty until proven innocent. Unlike the FBI or the local sheriff, if the IRS thinks someone has underpaid taxes, it can seize cars, freeze bank accounts, and all under its own authority without obtaining any kind of impartial or prior approval. If the taxpayer fills out his or her return relying on tax advice from the IRS and that advice turns out to be wrong, guess who is liable. Not the IRS, that's for sure, but the taxpayer himself or herself. If the IRS wrongfully assesses back taxes or penalties, the taxpayer usually has three basically no-win choices to make: You pay up and shut up, take the case to the tax court where the judge is usually a former IRS employee and taxpayers usually lose, or pay up and then go to Federal district court and sue to get your money back.

Remember, I say "sue to get your money back." While the Finance Committee's investigations focused on middle- to lower middle-income individuals, I had the representative of a relatively large corporation in my State approach me and say: You know, Senator, I know we get no sympathy.

We are considered big and therefore we are considered wealthy as a company. But a good number of years ago the IRS withheld an additional \$8 million that they thought was theirs and we thought was ours, and we went after it, and not long ago the courts ruled it was ours. The only problem is, the \$8 million plus the interest plus all other assessments was now about \$24 million.

Will they get it back? I doubt it. But it was the IRS that was wrong, and it was the large corporation that was right. Now, that large corporation could spend the money to fight the IRS and they probably could write off a lot of their expenses fighting the IRS. Could an individual, small taxpayer, do that? Absolutely not. So, even when the IRS loses, it really wins, because the IRS, with unlimited resources, has been known to appeal and appeal a weak case until the innocent taxpayer gives up or is just simply financially exhausted and goes away. That is a story that should not have to be told on the floor of the U.S. Senate, but it is in fact a story of fact that occurs many times across this country when it should not.

I think the IRS needs to realize that the taxpayer is the boss, because in our system of Government that is exactly the way it ought to be. Taxpayers are not a suspect criminal class in our society. Yet it appears from what we have heard, in example after example, and a good many more that could be expressed, that that is oftentimes the way they are viewed by the IRS. Taxpayers should be treated with respect and dignity and should be presumed innocent until proven guilty.

Why should this Senator have to say that on the floor, when it ought to be a matter of fact and law? Because it is not a fact today, and now we know it. There should be no quotas, pushing agents to prosecute dubious cases. Taxpayers should not be targeted on the basis of how little resistance they can offer. Can you imagine that as the policy of a Federal agency, "Let's pick on those who can offer least resistance because we will get a greater yield on the money spent," when they could be innocent and can be at least embattled until they are willing to give up? There should be no vendettas, absolutely not, and yet there appear to have been some and probably are some. The privacy of taxpayers should be fully respected. And, yet, is it?

Both the IRS and the Congress have been a part of the problem. I can point the finger only at the IRS, but that would be somewhat unfair. We have created one of the most complicated tax systems in the history of this country. Sometimes the problem is the IRS, who act outside the law—or certainly to the very edges of the law. I am sure most IRS employees are decent, hard-working, and conscientious people. And I know many of these employees, as do others, and they would fit that which I have just described. But the exception has become the rule, tragically enough.

The tail is wagging the dog, and the IRS is now widely perceived as a rogue agency, marching to its own beat with Congress afraid to touch it because Congress itself, individually, could be audited. And that has happened in the past.

So we draw back quietly, talk tough on the floors of our collective bodies, but very seldom follow through with actual and real hearings and reform that is a product of those hearings. I certainly hope that is simply now the exception, and the rule of the day, with the action that the other body is taking and the action that I hope we will take, will be comprehensive and broad-ranging reform of this agency.

Sometimes problems happen because previous Congresses, liberal Congresses, or simply those with a ravenous appetite that the taxpayer pay the money because we need the money—whether it is balancing the budget or spending beyond the will of the citizen—the money has to be there. So we have granted IRS what I call power beyond the law, in many instances, to collect what we ask them to collect. In any case, there is never an excuse for such behavior, and this Congress is going to change things, I hope. Certainly, if it is this Senator speaking by his intent, then it is my intent, and I believe the intent of a bipartisan Congress, for major reform. And that we must get at.

So I invite the Commissioner whose nomination will be voted on today to work with us in a constructive way to change the character, the image, the style, the culture of an agency that is now out of control. And witnesses in our country, those who make up our country, have so demonstrated.

Real IRS reform also depends on real Tax Code reform. I will not mention the Senator, but right after we offered some reasonable tax relief this year, he said: Well, there is relief in the Code, if you can find it. So now, to the lower middle-income people for whom we champion the tax relief, we say now go hire an accountant and spend the money to get the tax relief, and probably the tax relief will at least pay for the accountant. If that is true, that is tragic. And tragically enough, that is probably true.

Sometimes the problem is the Tax Code—too complicated even for the IRS to understand it. Listen to these figures. The IRS publishes 480 different tax forms and another 280 forms to explain the first 480. If laid end to end, the 8 billion pages of instructions sent out by the IRS every year would circle the Earth 28 times. That is why Senator SHELBY and I introduced—or re-introduced—the Freedom and Fairness Restoration Act, better known as the flat tax. Why? Simplification, equity, fairness, the ability with ease to fill out a form, to know you are in compliance when you do it, and to once again set in motion something that has been historically true up until about two decades ago of the taxpayer versus the

Tax Code—that was an understanding in this country that laws ought to be self-enforcing and that citizens really did want to pay their taxes, their fair share of running a Government and keeping a free society and assuring that our democracy survived.

That has not been true of the last several decades. Taxpayers today are much more often heard to be telling their tax accountant: Find out everywhere you can where I do not have to pay taxes, because the code is too complicated and the taxes are too much. Grandfathers used to pay only about 20 percent in their taxes. That meant they got to keep 80 percent. Their grandchildren in today's work force now have to pay nearly 50 percent in their taxes, keeping only half.

And we wonder why families can't provide for themselves today, why both parents are working when one may not want to. Oftentimes it is a combination, but most often it is just simply that they have to pay so much, so much is taken from their paycheck that they cannot survive unless both are working and providing for their family.

Underlying our commitment to making substantial tax reform a reality, I have also cosponsored leading bills to sunset the current Internal Revenue Code by the year 2001. Mr. President, this Senate, the 105th Congress, led by conservative Republicans, have a unique opportunity, working with all of our colleagues, to assure that major reform of the IRS occurs and that we lead a march toward a significant reform of the code that brings us to a simple, fairer form that then allows the responsible downsizing of the IRS.

No people can remain free or their government effective if they do not display trust and confidence in each other. Yet, America's tax system increasingly eats like a cancer at the very bonds of support and the legitimacy of our society.

I urge all of my colleagues and invite the new IRS Commissioner to redouble their efforts to restore fairness to the tax system and trust to the people. Reform for the Tax Code, making it simpler, fairer and, I hope, flatter, is one approach toward doing that. Reform for the tax collector, increasing IRS accountability and requiring the IRS to treat the taxpayer with dignity, respect and the due process of the law would be a legacy that I wish could be done during my tenure in the U.S. Senate and I believe that would be a legacy that a majority of the Senators would like to leave. That is our goal. That is certainly my hope. Recognizing that, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. CRAIG. Mr. President, I ask unanimous consent that the vote occur on the pending nomination at 5:45 this evening.

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

Mr. BAUCUS. Mr. President, I want to take this opportunity to express my support for the nomination of Charles Rossotti to be the new Commissioner of the Internal Revenue Service. Mr. Rossotti will face a daunting challenge as he takes over the reins of this besieged agency.

The IRS has suffered from years of neglect and lack of focus. As new Commissioner, Mr. Rossotti will need to repair the damage that has eaten away at the Service's foundation and try to restore some semblance of respect for the IRS among the average taxpayer.

At the same time, he will need to be preparing the IRS for the challenges of the next century.

The public expects some essential services from the Government, and most people are willing to pay their fair share of taxes in order to pay for these services.

Nobody likes paying taxes, but most of us do it regularly and honestly.

In return, we expect the Government to keep the process fair, make it as simple as possible, and keep our personal information private.

Running the IRS is a study in careful balances. And I believe that the IRS has somehow lost its ability to maintain one side of the equation over the years.

Many tax collectors, in their zeal to catch the few people who don't pay their taxes, seem to have lost sight of the most important truth about our tax system—that citizens have rights that must be protected.

Anything less undermines our ability to make a system of voluntary taxation work.

We certainly don't want to tie IRS's hands so much that tax cheats are encouraged, because the rest of us end up picking up the tab when someone cheats.

At the same time, we also can't have IRS harassing innocent citizens, assuming everyone is guilty the minute they walk in the door. Mr. Rossotti will be the one person we will expect to help IRS find its way back to the reasonable balance that our tax system requires.

I hope and expect that we in the Congress will do our best to help.

We will be looking at legislative solutions, to give the new Commissioner the tools to encourage the climate of change we need if we are to reverse the past years of decline.

We will be looking at stable funding, to make sure Mr. Rossotti has the money to pay good people and buy new computers.

I hope we would also be looking at tax simplification, to make it a little easier for both taxpayers and the IRS to figure out how much our fair share really amounts to.

Mr. Rossotti has the background and expertise to help him achieve the difficult tasks we expect of him in the days ahead. I wish him every success, and look forward to working with him to make sure the Internal Revenue Service reaches its full potential.

Mr. DODD. Mr. President, I rise today in support of Charles Rossotti's nomination to serve as Commissioner of the Internal Revenue Service. The IRS is an agency under widespread, deeply felt, and entirely justified criticism. In my view, the nomination before us today is perhaps one of the most critical the Senate will vote on this session. I commend President Clinton for endorsing an individual who has the expertise and vision to lead the effort to restructure and reform this troubled agency, as well as my colleagues on the Finance Committee for moving the nomination expeditiously.

It is no secret that the IRS has come under fire lately from taxpayers who, in their dealings with the agency, have experienced anger, frustration, and despair. The hearings conducted by the Finance Committee earlier this fall highlighted some of the problems at the IRS, including shoddy management, poor taxpayer service, and in some cases, reports of taxpayer abuse by IRS employees.

I've heard stories from my own constituents about calls that aren't answered, and about calls that are bounced from one person to the next, where they never get a real answer or any type of guidance or support. I've also heard stories about the IRS losing people's checks and then charging them interest and penalties on this money. The list goes on and on, Mr. President, and the more people you talk to, the more nightmares you hear.

Every citizen who pays taxes has a right to be treated fairly, and treated as innocent until proven guilty. Although we have taken several steps in this regard in the last few years, there is still more that can be done, and that is why I am a cosponsor of S. 1096, the IRS Restructuring and Reform Act.

This legislation aims to transform the troubled agency into a modern institution that provides efficient and fair service, yet still has the ability to effectively collect revenues. Specifically, the bill will enact 21 new taxpayer protections and will establish a hotline for taxpayers to register complaints of IRS misconduct. This legislation, which enjoys broad, bipartisan support and is endorsed by the administration, is, in my view, a tremendous step forward in our effort to protect the rights of our nation's taxpayers.

Yet, without an effective leader to implement these much-needed changes, our ideas become nothing but good intentions. I believe that Mr. Rossotti is up to the challenge to successfully steer the IRS through this difficult period. Mr. Rossotti brings with him the refreshing ideas and outlook of a successful businessman with more than 30 years of management and technology

experience, including his current position as Chairman of American Management Systems.

During his confirmation hearings, Mr. Rossotti expressed a willingness and desire to implement fundamental changes that would focus on the rights of the taxpayer, modernize the agency and its technology, and strengthen communication between Congress, the IRS, and the public. In my view, Mr. Rossotti has the vision and the capability to lead this agency and is committed to holding the IRS to the highest standards of efficiency, competence, and accountability. I urge my colleagues to support this nomination.

Mr. CRAIG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. MURKOWSKI. Mr. President, I rise to speak in favor of the nominee to be Commissioner of the Internal Revenue Service, Mr. Charles Rossotti. Mr. Rossotti is unique among nominees for this position since he is the first nontax-lawyer nominated for the post. In fact, he is a businessman who is chairman of American Management Systems, a company he cofounded in 1970, which now employs some 7,000 people.

Mr. President, if this man is confirmed, and I expect that he will be, he faces a daunting challenge in turning around an agency which has very serious credibility problems with this Senator and, I think, a majority of the American public as well.

As this country learned some 6 weeks ago in the hearings at the Senate Finance Committee, the IRS is an agency with structural and personnel problems that have led to an agency culture that is abusive, unresponsive, and to some extent arrogant. Far too often, the Internal Revenue Service appears to be out of control, with no accountability to the public or to the policymakers here in Washington. For anyone who has tried to phone the IRS lately, why, I think you get the flavor for my generalizations.

The bipartisan Kerrey-Portman Commission that examined the Internal Revenue Service recommended a series of changes at the IRS, including the creation of an independent board to oversee IRS operations. Recently, the House passed a measure incorporating nearly all of the Commission's recommendations. However, I believe that the lessons learned from the Finance Committee September hearings suggest that far more needs to be done if the public is going to regain a measure of confidence in the Internal Revenue Service.

I applaud the Finance Committee chairman, Chairman ROTH, for his commitment to hold a series of hearings

that will build on the achievements of the House and bring a tough reform bill to the floor of the Senate next year.

To give you an idea of the structural problems that exist at the Internal Revenue Service, consider the following description of the Service that was done by Paul Light, author of "The Tides of Reform: Making Government Work, 1945-1995."

Just imagine a bureaucracy that goes something like this: an agent reports to a district group manager, who reports to a district group manager, who reports to a branch chief, who reports to an assistant chief of the division, who reports to the assistant district director, who reports to the assistant regional commissioner, who reports to the deputy assistant commissioner, who reports to the assistant commissioner, who reports to the chief operating officer, who reports to the deputy commissioner, and so on.

What we have here, Mr. President, is a layered bureaucracy which implies accountability on paper but which, in reality, is designed by its very nature to be unaccountable.

Consider, Mr. President, the testimony the committee heard from Lynda Willis of the General Accounting Office [GAO].

IRS systems, both manual and automated, have not been designed to capture and report comprehensive information on the use and possible misuse of collection authorities.

IRS cannot readily produce data on the overall use or misuse of its collection enforcement authorities or on the characteristics of affected taxpayers.

In effect, GAO said they couldn't audit IRS because the systems IRS has put in place are designed to ensure that there is no way for IRS personnel to be held accountable for their erroneous actions. There is no way to determine how many times IRS has made a mistake in sending out a collection notice. No way to determine how many complaints have been received. And this is the way the managers at IRS set up the system—set it up so that no one can trace improper behavior.

Mr. President, the committee also heard testimony to the effect that the Problem Resolution Office [PRO], the office designed to resolve taxpayer disputes with IRS is, and I quote one of our witnesses, "utterly useless" in protecting the American taxpayer. The reason the PRO cannot function as designed is because employees at PRO are evaluated for promotions by the same Collection Division management they are supposed to police while assigned to the PRO.

Mr. President, there is no reason that that kind of conflict of interest should exist. I plan on working with the Finance Committee chairman to develop legislation that will fundamentally change the PRO structure to ensure that taxpayers get a fair shake when there's a conflict with the IRS.

Mr. President, the Finance Committee hearings had a profound effect on the American public and on the President of the United States. Shortly after those hearings, and seeing the polls, the President did a 180-degree U-

turn on the recommendations of the IRS Commission and decided to back the House reform legislation creating an independent IRS management board.

That's not the end of this matter. Instead we need a top-to-bottom review of the IRS. In the past, we adopted two taxpayer bill of rights bills which many of us thought would improve taxpayer-IRS interactions. The hearings in the Finance Committee suggest that these bills did little to alleviate tensions between the IRS and the American taxpayer.

That is why the Finance Committee needs to hold further hearings on IRS reform. It has taken decades for the IRS to develop internal procedures that appear to make it unaccountable. We've learned of these problems 6 weeks ago. I am willing to admit that we don't know all the answers, but I know that now is not the time to merely take the House bill, pass it, and tell the public we fixed the problems at IRS. We haven't.

Mr. President, Charles Rossotti is to be admired for his willingness to leave the private sector and take on this challenge at a time when IRS is in serious trouble. I look forward to receiving his recommendations for change at the Service after he has been there a few months. And I am sure his hands-on experience will assist the Finance Committee in drafting a comprehensive IRS reform bill.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays on the nomination of Mr. Rossotti.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Charles Rossotti, of the District of Columbia, to be Commissioner of the Internal Revenue Service?

On this question, the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New York [Mr. D'AMATO], the Senator from North Carolina [Mr. FAIRCLOTH], and the Senator from North Carolina [Mr. HELMS] are necessarily absent.

Mr. BREAUX. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Kentucky [Mr. FORD], the Senator from Idaho [Mr. HARKIN], the Senator from Nebraska [Mr. KERREY], and the Senator from Maryland [Ms. MIKULSKI] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 290 Ex.]

YEAS—92

Abraham	Feingold	Mack
Akaka	Feinstein	McCain
Allard	Frist	McConnell
Ashcroft	Glenn	Moseley-Braun
Baucus	Gorton	Moynihan
Bennett	Graham	Murkowski
Bingaman	Gramm	Murray
Bond	Grams	Nickles
Boxer	Grassley	Reed
Breaux	Gregg	Reid
Brownback	Hagel	Robb
Bryan	Hatch	Roberts
Bumpers	Hollings	Rockefeller
Burns	Hutchinson	Roth
Byrd	Hutchison	Santorum
Campbell	Inhofe	Sarbanes
Chafee	Inouye	Sessions
Cleland	Jeffords	Shelby
Coats	Johnson	Smith (NH)
Cochran	Kempthorne	Smith (OR)
Collins	Kennedy	Snowe
Conrad	Kerry	Specter
Coverdell	Kohl	Stevens
Craig	Kyl	Thomas
Daschle	Landrieu	Thompson
DeWine	Lautenberg	Thurmond
Dodd	Leahy	Torricelli
Domenici	Levin	Warner
Dorgan	Lieberman	Wellstone
Durbin	Lott	Wyden
Enzi	Lugar	

NOT VOTING—8

Biden	Ford	Kerrey
D'Amato	Harkin	Mikulski
Faircloth	Helms	

The nomination was confirmed.

Mr. MOYNIHAN. I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for morning business until 7 p.m., with Senators permitted to speak for up to 5 minutes each.

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

TRIBUTE TO SECRETARY OF THE AIR FORCE SHEILA WIDNALL

Mr. KENNEDY. Mr. President, it is an honor to take this opportunity to pay tribute to Sheila Widnall, the Secretary of the Air Force, who is leaving office at the end of this month to return to the Massachusetts Institute of Technology as a professor of aeronautics and astronautics. In 1993, Secretary Widnall became the first woman to serve as a service Secretary when she assumed her present position as the Secretary of the Air Force, and she has done an outstanding job.

During her distinguished tenure, Secretary Widnall has led the Air Force through a critical period of post-cold-war consolidation and adjustment. Congress and the country are proud of her achievements. She directed a modernization program to shape the future