

Finance, foreign relations, national security—that is an impressive and diverse range of committee appointments that make him well qualified to head the American Legion. But the Legion also knew that, when it asked Tony Jordan to take charge, this was an important time for the American Legion and for America's veterans.

Tony Jordan has expressed strong personal sentiments in favor of the constitutional amendment to protect the American flag. Our flag is the symbol for everything for which our Nation stands. Mr. Jordan is standing with those who believe in the integrity of the flag and what it represents—freedom and justice, ideals for which our Nation's veterans risk and, in some cases, gave their lives.

Mr. Jordan is also outspoken in his support of a GI bill of health, the American Legion's response to the challenges being faced by the Department of Veterans Affairs and veterans across this country as they seek to fulfill the promise we made to ensure that our veterans have access to quality health care.

These are only a few examples, Mr. President, of what Mr. Jordan has done on behalf of his country and its largest veterans organization. I know my colleagues will agree that the American Legion chose wisely and well when it elected Anthony Jordan of Augusta, ME, as its national commander. I wish him well in the challenging year ahead.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The assistant legislative clerk proceeded to call.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### CAMPAIGN FINANCE REFORM

Mr. SPECTER. Mr. President, I have sought recognition this morning to compliment our distinguished majority leader, Senator LOTT, for scheduling floor debate on campaign finance reform. I think that this is a very important matter to be debated by the U.S. Senate and, hopefully, to be voted on as to amendments and, ultimately, final passage.

I have long believed that campaign finance reform is indispensable in order to take out the tremendous amount of money that is present in Federal elections. For more than a decade, I have worked on the issue to have a constitutional amendment to overrule Buckley versus Valeo with Senator HOLLINGS under the Hollings-Specter amendment. I believe that there is a very important distinction between amending the first amendment and overruling a specific Supreme Court decision, many of which are split decisions.

There are many besides those on the Court who have an understanding of the Constitution. I think the Buckley decision was wrongly decided. When

that decision was handed down, I happened to be in the middle of a contest for the U.S. Senate primary in Pennsylvania running against the then Congressman John Heinz. In the middle of that campaign, the Supreme Court ruled that an individual could spend as much of his or her money as he or she chose. My brother was limited to \$1,000 under the law. He could have helped finance my campaign. With Buckley not being reversed, that has been a major impediment to dealing with these tremendous sums of money, plus the unlimited amount of independent expenditures. We have seen the ravages of soft money. We have seen millions of dollars contributed in Presidential elections, as in 1996, in the context where the candidates are pledged not to spend money beyond the Federal contribution. We have seen these ads which have been classified as "issue ads," which are blatant ads urging the election of one candidate and the defeat of another, on both sides of the aisle.

I have introduced campaign finance reform legislation myself which would deal with the issue of soft money, prohibiting it, and which would define an advocacy ad as one which shows the likeness or name of an individual urging his or her election or his or her defeat. With respect to the independent expenditures, they are touted as independent, but in fact they are not independent expenditures.

My legislation would require that someone who makes a so-called independent expenditure make an affidavit to that effect, with strict penalties for perjury on the affidavit form showing the individual making it what the consequences are. That would then be filed with the FEC, with the requirement that the candidate on whose behalf the expenditure was made, plus the campaign manager, make a tough affidavit, so that you do not have the feeling that there is really no enforcement or enforcement so much after the fact that it is irrelevant.

In order to deal with the problem of unlimited expenditures by individuals, my bill provides for a Federal provision analogous to the Maine "standby public financing provision," which provides that if candidate A spends \$15 million of his or her own money, then candidate B will have that matched by the Government. I am against generalized Federal funding. However, I do believe that such a provision would be a deterrent so that there would not be the necessity, or at least a very limited amount of governmental money put in the campaigns if they knew there would be no advantage because the Government would match it for his or her opponent.

My bill further builds upon what we have seen in the Governmental Affairs hearing, to require that there be a limit and reporting on contributions to legal defense funds, which are a first cousin to campaign contributions. We saw in the testimony involving Charlie Trie, coming into the legal defense

funds, pouring out hundreds of thousands of dollars. My bill further tightens the requirements as to foreign contributions which we saw on the Young development matter, where the money had a foreign origin and ended up in a political campaign committee.

I had been unwilling to cosponsor McCain-Feingold as long as it had the provision calling for lesser expenses or free television time, because I think that provision is unconstitutional, in violation of the fifth amendment as the taking of property without due process of law. I know the arguments that they are public airwaves, but once the situation has been established on a property right, I think that constitutes a taking. I discussed that matter with Senator MCCAIN some time ago, and once he says that provision is going to go, I am prepared to cosponsor McCain-Feingold. Last year, when the subject came up, I voted for cloture on McCain-Feingold. Although I didn't agree with all of its provisions, I thought the matter should come to the Senate floor and be voted upon.

Regrettably, we will probably not have campaign finance reform, or we won't have campaign finance reform until there is a demand by the American people that we do so. Only that kind of a demand will move the Congress. My own sense is that we are far short of the 60 votes for cloture for cutting off debate. But I think there may be 8, 10, 12, maybe even more, Senators who would be influenced by a very strong constituent demand. That influences us from a very realistic sense. Regrettably, our hearings this week in Governmental Affairs have not been covered because there is no scandal. The media and the public are attracted, regrettably, only to scandal. It is my hope that as we move ahead in Governmental Affairs, we will have more public attention.

Last week, when we had the testimony as to Roger Tamraz and his \$300,000 contribution and the testimony about John Huang asking for money in the White House at a coffee, which the President, apparently, condoned, and the testimony about the man in the line giving the President a card suggesting millions of dollars of contributions and later being contacted by a Presidential aide, had that been on national television, I think the public might well be aroused. It is my hope that the debate here will be spirited. I think, realistically, Senate debates are unlikely to lead the American people to catch fire on this issue. But perhaps our Governmental Affairs hearings can do that, or supplement it by media attention generally.

I think it is a very useful thing to move ahead with these debates on campaign finance reform. Again, I compliment Senator LOTT for scheduling them, and I look forward to participating in those debates, aside from this brief comment in morning business.

I yield the floor.

Mr. BURNS addressed the chair.

The PRESIDING OFFICER. The Senator from Montana.

#### IRS OVERSIGHT HEARINGS

Mr. BURNS. Mr. President, I rise today to talk about some oversight hearings that have been going on here in the Senate. Also, I hope that the American people are seeing some things happen now that should have happened a long time ago. It wasn't very long ago that the suggestion was made to the Senate that we should go to a 2-year appropriation and a 2-year budget, because it seems like the time is eaten up here in the first part of the year to deal with budget and budget reconciliation, which is very, very important, and then the next part is taken up with the appropriations process.

I have contended all along that our role here is not only to deal with budgets and appropriations, but to also deal with legislation and reform that, in some areas, is needed to stay up with the times, and also in the area of oversight. We have absolutely taken and extended the work day, more or less, to accommodate oversight. I think what the American people are seeing now is the result of that, as there are many hearings going on not only in Energy, but Governmental Affairs and, of course, in the Finance Committee. I want to compliment the chairman of the Finance Committee for this oversight hearing on the IRS.

It is something that has been ongoing out there, I think, since probably we started this business of tax collection. Maybe there is no right way to collect taxes. I don't know that for sure. Even some activities and actions taken by the Congress have made their job a little more complicated, and maybe in some cases a little bit tough. But it does not give the IRS the right to do this job in the way that has been enlightened for us through these hearings of oversight of the IRS. It has shown a lack of compassion—exhibited by IRS employees beyond my comprehension, and I think beyond the comprehension of those in this country, and I imagine those people who have been watching those hearings. Yes. It happened to me too. Because we maybe are just talking about the tip of the iceberg.

But some abusive IRS employees have expanded their scope of enforcement activities to include business men and women who are just trying to make a living; trying to stay in compliance with all Federal, State, and local revenue collecting and regulating laws.

At the source of this evil we can level our sights in on some mismanagement by some IRS employees. IRS management needs to recognize that they have a difficult job promoting customer service as an IRS attribute. It is not an easy task considering the historic attitude toward not the IRS, but taxes. The founding of this great Nation and history tells us that it kind of started with the Boston Tea Party—a revolt

against the tyrannical rule of unfair taxation.

Taxes are a necessary evil. But if kept in check, it is important at all levels of government. It is a must. Taxes have created the world's greatest highway infrastructure, contributed to the protection of our borders, and has created the most successful democratic government in history. But waste and abuse of those dollars have burdened the American taxpayer with one of the highest levels of taxation in the history of this country.

Tax collecting needs to reflect its controversial history. The IRS does not have the right to use harassment, and, yes—as has been brought out in these hearings—even extortion as a method of collecting taxes.

Major changes are overdue. The IRS needs to improve its education and services to taxpayers. Taxpayers must have, at least, a comfort level when they approach the IRS for help so that they feel with some degree of reliability that the IRS will be sensitive to their needs and to their questions.

We need to modernize the computers. Let's face it, the IRS can't do that. They spent some \$5 billion to buy new computers. They don't work. They have never worked. We tried to simplify things. What do we do? We made them more complicated.

So the general public loses its confidence to go to the IRS and ask questions that they will get answers for; so that they will try to do the right thing for the right reason.

I think this is a very serious wake-up call to the IRS. Customer service will never be considered as one of their great attributes. But that is what IRS needs to pound into their employees: We work for the American public; it does not work for us. We are a service organization. We try to accommodate folks trying to get through a very difficult situation, a situation that some do not understand.

Perhaps some of that blame lies with Congress. This is not the first time Congress has held oversight hearings. The IRS has a littered history of abuse, and, yes—I hate to say—even a little corruption.

I think these hearings may pave the way for Senator DOMENICI's 2-year budget appropriations bill. I think that will lend credence to it. And Congress could spend more than 1 year on budgetary and spending matters and another year on tough-minded oversight of Government agencies, and maybe the future of such abuse can be averted. But it just does not happen in the IRS. We have other agencies in this Government that are just as abusive.

I have contacted numerous of Montana constituents hearing complaints about the IRS. And I will tell my Senators beware. With these hearings I think our casework is going to go up a little bit.

During the length of the bureaucratic process, debts grow fantastically high with interest and penalties.

But I have been contacted by a few taxpayers in Montana that have similar stories as those that we heard about this week during these Finance Committee hearings. In one of those cases a Montana constituent had a pending case with the IRS that still today is unresolved. The small business was audited in the 1980's. And every time there was an offer, or attempt to make settlement, the IRS denies the offer, and the interest and the penalties continue to compound. In the meantime, he has been forced to sell all of his assets. He has lost everything that he has worked his whole life for, and is now facing retirement with only his residence and darned little capital. Even if the IRS could accept his recent offer he would be left with a mortgage that he will not be able to pay off in his lifetime.

So as a result of these hearings we can certainly expect to hear from more constituents who realize that they are not the problem; that this problem goes way beyond them as individuals, and the problem goes way beyond them as a nation.

Prior to the August recess Congress passed the Tax Relief Act of 1997. The 105th Congress has the opportunity not only to reduce the tax burden on the American public but also simplify a system that is badly in need of reform. A far less complicated tax system may help to clear up some of the IRS abuses. But simplifying the tax system, one can only think, would simplify our revenue collection system.

I realize that tax collection is a thankless job. There are employees of the IRS that try to do a good job. I happen to know a few of those. They do a good job, and they do it with pride. I commend them for not letting the arrogance, uncaring attitude that we have seen emerge out of the hearings earlier this week pollute their work ethic. I want to compliment those folks who do a good job.

Tax collectors have a long history of public persecution. Today my colleagues and I stand here not to tar and feather the tax collector, but to put an end to the abusive culture that has crept into the agency—this business of a situation arising and becoming a personal thing. So when they personalize things then it becomes "me against you, and I have the power of the U.S. Government to destroy you." When they personalize things, that is when they get out of hand.

I ask the American public, if we, who are elected, when we debate personalize everything, nobody would speak to anybody around here. Nobody. We have to bring that back into our service organizations. Basically the IRS is a service organization. They must accommodate. They must feel some compassion. And they must try to help people out of this almost bottomless abyss of trying to do the right thing for the right reason. We cannot let this abusive culture spread like a bacteria through an agency and let it live. We just cannot do that.

Again, I say to my colleagues, rethink your position on a 2-year budget and 2-year appropriations because with all the hearings, as controversial as they may be in an open and free Government, oversight is still the best way to put problems on the table and deal with them. It is the only way in a free self-government that people can deal with them.

I thank our secretary of the conference for setting this time aside to bring this about. And to thank the chairman of the Finance Committee for this oversight because I think he has done a great service for the American people.

I yield the floor.

Mr. COVERDELL. Madam President, I thank the Senator from Montana for his statement here this morning. I think he is right on target.

I yield at this time up to 5 minutes to the Senator from Alaska.

The PRESIDING OFFICER [Mrs. HUTCHISON]. The Senator from Alaska is recognized.

Mr. MURKOWSKI. Madam President, let me wish the Presiding Officer a good morning. Let me thank my colleague from Georgia for his leadership in this area, and my good friend from Montana for the points he made so succinctly.

Good morning, Madam President. I have an obligation and an opportunity as a member of the Finance Committee to address this problem. As a member of the committee of jurisdiction, I had the privilege of participating in an extraordinary set of hearings that were chaired by Senator BILL ROTH, chairman of the Finance Committee. These hearings really illuminated for the first time the internal workings of an agency of the Government that really generates fear, anger, frustrations and oftentimes public outrage, and that is the Internal Revenue Service.

No matter how scrupulous and honest the citizen is in filling out his or her tax return, when that taxpayer opens the mailbox and receives an envelope from the IRS, a shiver of fear shudders through that citizen. And after this week's hearings, it is clear to all of us why the public holds this view of the IRS.

A witness—some of those witnesses were hooded, I might add—testified that her 17-year ordeal—let me say that it wasn't just an ordeal, it was more of a nightmare—involved improper liens and unwarranted demands from the IRS for more than \$10,000 simply because there was a mixup in the taxpayer's employment identification number—17 years, and still the matter is not resolved.

Another witness testified about her 14-year ongoing dispute with the IRS involving a joint return she had filed with her former husband. Although this matter could have been easily resolved, the IRS demands caused her to lose her apartment and ultimately forced her second husband to file for divorce to avoid improper IRS liens.

Neither of these cases have been finally resolved even though it is clear that at every stage the IRS simply acted improperly.

A former IRS employee told the committee of a common IRS tactic of assessing a tax twice for the same 1040 tax form.

A current IRS employee, an employee who did not want his identity known for fear of IRS retaliation, told the committee of situations where revenue officers with management approval used enforcement to punish taxpayers instead of trying to collect the appropriate amount of money for the Government.

Another anonymous current IRS employee told the committee that IRS officials browsed tax data on potential witnesses in Government tax cases, and on jurors sitting on these Government tax cases.

Madam President, this is a portrait of an agency of Government which appears to be out of control.

Is there political influence in the IRS? The answer is clearly yes. One witness testified that she had been advised by her senior official to be somewhat lenient on union returns or returns from union officials. This, obviously, smacks of political influence in the IRS.

Earlier in the week it was reported that 800 Alaskans from my State received notices from the IRS that their permanent fund dividends—this is a payment that comes from the yield of oil revenues distributed to our citizens by our State government—were being seized; 800 seized with a tax lien.

The reason for the seizures? The IRS claimed these Alaskans owed back taxes. In one case the notice claimed a deficiency of 4 cents. In another, 7 cents. That's right, Madam President, notices to 800 Alaskans based on alleged underpayments of 4 to 7 cents. An IRS spokesman apologized and, you guessed it, Madam President, blamed the computer. But who programmed the computer? Who checked the program? Is the programmer still working for the IRS? Who approved sending out 800 notices to Alaskans?

From what I know about the IRS, no human being approved that mailing or the millions of other mailings that go out from the IRS. It appears to me that the managers of the IRS have set up a system that minimizes human oversight so that whatever and whenever there is a foulup, no employee, no manager can be held accountable. It is easier to blame an impersonal machine for a problem than hold an individual accountable.

Madam President, I believe a culture that affixes blame on machines and not human beings reflects on an institution that has for far too long not been held to account for its activities. What we learned from the General Accounting Office is that the system the IRS has in place is designed to ensure that there is no way for IRS personnel to be held accountable for their erroneous actions.

I can assure the American taxpayer that I will be working closely with my colleagues on Finance Committee to change the culture of the IRS and demand a system be put into place that makes the individuals who work for the IRS accountable to the American people.

Madam President, I yield the floor.

Mr. COVERDELL. Madam President, I thank the Senator from Alaska and his colleagues on the Finance Committee for the great work they have done under the chairmanship of Senator ROTH.

I now yield up to 5 minutes to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. I thank the Chair.

Where has our country gone when people appearing before a Senate committee have to have their voices disguised and have to be behind partitions?

I commend the Senate Finance Committee for holding the hearings examining the Internal Revenue Service. These hearings have given the American people an insight into one of the most powerful and secretive of Federal agencies. I applaud Chairman ROTH and members of the Finance Committee for their diligence in examining this agency.

For any who might have missed the hearings, on my web site, which is [www.senate.gov/~enzi/](http://www.senate.gov/~enzi/), you can get the full text of the comments made before the committee. There is also an opportunity there to do an easy e-mail to comment on what has gone on in those hearings. It is important for this body to follow up on those hearings with a complete reexamination of the Nation's tax policy and the IRS. If we are ever to be successful in establishing a just tax code, we in Congress must first come to a consensus about our underlying tax policy.

In the past 3 days, we have heard stories from taxpayers who have been mistreated by an inefficient and confrontational Internal Revenue Service. Taxpayers testified that they were forced into personal and financial ruin by an all-too-often faceless agency with little accountability to either the American taxpayers or to Congress.

We have heard about the enormous power of the IRS, which includes the power to take a taxpayer's home on nothing more than the signature of the district director. There is no court hearing. There is no notice. There is no opportunity to litigate the merits of the Service's claim. The IRS has the power to close down a person's business and take away his livelihood by merely filing a few papers in Federal court. The judge signs a seizure order without ever giving the taxpayer notice or an opportunity to contest the legality of the assessment or the amount of the tax owed or the problem with the computer system.

Madam President, this is precisely the kind of abuse by our Government

our Founding Fathers were attempting to avoid when they included the fourth and fifth amendments in the Bill of Rights. These actions amount to administrative tyranny.

As I have traveled around the State of Wyoming, I have heard a great deal of concern about the present state of the IRS. Our Tax Code is so frustratingly complex that even the professional tax preparers are pleading for simplicity. These folks know that the present Tax Code exposes them to a great deal of liability due to the likelihood of conflicting interpretations of the code and its myriad of accompanying regulations.

As an accountant myself, I am sympathetic to the concerns of those who claim that even the experts cannot agree on many of the provisions of the current system. It is unfair to expect Americans to operate under a tax system with such a mind-numbing complexity and inherent contradictions.

Under the current regime, it is perhaps the moderate-income taxpayer and the small businessman who suffer the most. That is not how audits are supposed to work. One of the most surprising facts which came out of the testimony this week is the significant increase in audits of lower income people and very small businesses over the past several years. This increase is not because the IRS believes these people have large amounts of unreported income. Rather, it is because the Service believes these people are the least likely to fight them after an audit since they can least afford professional tax preparers and expensive legal counsel.

Just this week, I heard from some small business owners in Wyoming who have been battling the IRS for 5 years over \$200,000 in taxes they are convinced they do not owe. After a 3-year onsite audit, the IRS determined that they only owed \$30,000, including the fines and penalties. Even though they disputed this amount, they figured they had no choice but to pay it since they could not afford to take the case to court. Moreover, the agency threatened that if they didn't agree to pay the bill, IRS would reopen the investigation and insinuated that this might result in even more money owed. That is blackmail. This treatment of our citizens is unjust. An agency which turns to coercion and intimidation to settle unreasonable disputes is in desperate need of reform.

Madam President, while I realize that many of the IRS agents are hard-working, dedicated public servants, I am convinced the problems we have heard about this week are more than isolated occurrences. Instead, they represent a systematic disease which cannot be cured by tinkering with the current Tax Code or modifying a few Internal Revenue Service procedures. I believe these hearings will force us to reexamine the specifics of our current code and our underlying policy as well.

I have made the examination of our tax policy one of my top priorities for

my service in the Senate. I will work with my colleagues toward developing a policy that reflects the legitimate priorities and goals of raising revenue for a Government which should in its every facet serve the people from whom it derives its power, not control the people from whom it derives its power.

I thank the Chair and yield the floor.

Mr. COVERDELL. I thank the Senator from Wyoming and yield up to 5 minutes to the distinguished Senator from Colorado.

Mr. ALLARD. I thank the Senator from Georgia for yielding.

Madam President, I rise this morning to talk with my colleagues about the Internal Revenue Service. This week my colleagues on the Finance Committee have been holding hearings to examine the inner workings of the Internal Revenue Service. I appreciate their effort to more closely examine this institution. Not only do I appreciate it, but there are many Americans who appreciate this effort.

For too long the Internal Revenue Service has not been accountable as an institution. Our Nation was built on a system of checks and balances. However, the Internal Revenue Service seems to have escaped this protection for Americans. For too long the Internal Revenue Service has used secrecy, intimidation and fear to do battle against those whom it has been called upon to serve, and that is the American taxpayers.

I found it especially interesting that during those hearings those who know the Internal Revenue Service best—that is its own employees—were the most afraid. Those who know what the Internal Revenue Service does were the ones who wanted to protect their identities.

Although there are many dedicated employees at the Internal Revenue Service who perform their jobs honestly and responsibly, there are some who do not. Those few have forgotten the mission statement of the Internal Revenue Service, which calls on them to perform in a manner warranting the highest degree of public confidence in their integrity, efficiency, and fairness. I remind them of this pledge and call on them to uphold it.

Unfortunately, the abuse of taxpayers is not limited to the testimony we have heard this week. I have held more than 63 town meetings throughout the State of Colorado, and obviously taxes were a big issue. But it was not unusual for me to hear from many people about the difficulties they have had with the Internal Revenue Service. Time and again I have heard stories about how the Internal Revenue Service plays a waiting game, knowing that they have the time, the money, and manpower to outlast a small taxpayer.

One of my constituents was awarded \$325,000 in damages by a Federal court because Internal Revenue Service agents had wrongfully publicized information about her, after agreeing ear-

lier that they would not make that information public. After auditing this taxpayer's business, the Internal Revenue Service seized the business and demanded \$325,000 in back taxes. After requesting a reaudit, it was found that she did not owe anywhere close to \$325,000. In fact, all she owed was \$3,400. And certainly there was no real intent to avoid the law.

The real problem here, however, was that the agents involved in the case wrongfully disclosed information about the taxpayer after agreeing to not disclose that information. When awarding damages in the case, the judge harshly criticized the Internal Revenue Service saying:

The conduct of our Nation's affairs always demands that public servants discharge their duties under the Constitution and laws of this Republic with fairness and a proper spirit of subservience to the people whom they are sworn to serve. Respect for the law can only be fostered if citizens believe that those responsible for implementing and enforcing the law are themselves acting in conformity with the law.

Once again, though, the Internal Revenue Service is dragging its feet, refusing to pay the money.

Other constituents have described situations where they received notices from the Internal Revenue Service for very minor mistakes and then are assessed penalties and interest that far exceed the amount of tax owed. It is a frightening experience to get a notice from the Internal Revenue Service, particularly when it is so difficult to communicate back to them and actually get some real answers concerning a case.

I am reminded of a case that came up in interacting with the constituents that I represent in the State of Colorado. Someone came up to me and said, "We sent a certified letter to the Internal Revenue Service with the check." They signed for the envelope and yet the check apparently had been lost by the Internal Revenue Service. This constituent was fined \$200 by the Internal Revenue Service. She felt paying the fine was cheaper than getting professional help to fight the case. Constituents tell me of years of meetings, negotiations, and delay by the Internal Revenue Service.

Madam President, I request 30 seconds just to summarize my remarks, if I may.

Mr. COVERDELL. If the Senator will yield for just a moment, Madam President, time allotted for this discussion was to end at 10. I have conferred with Senator McCain, and I believe he is agreeable to allowing it to run until 10:05 to allow Senator BOND to make his remarks. So I yield 30 seconds to the Senator from Colorado.

Mr. ALLARD. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the request to extend time 5 minutes? The Chair hears none, and it is so ordered. The Senator from Colorado.

Mr. ALLARD. I thank the Chair.

Constituents tell me of years of meetings, negotiations and delays by

the Internal Revenue Service in order to wear them down, even in cases where the law is unclear and subject to different interpretations. This abuse of taxpayers must stop. The Internal Revenue Service must recommit itself to serving the taxpayers. It must stop making criminals out of those whom it is charged with helping.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Madam President, I thank the Senator from Colorado and now yield up to 5 minutes to the distinguished Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. Madam President, I thank my colleague from Georgia and I thank the Chair.

I rise today to address an issue of profound importance, as my colleagues have been addressing, and that is the urgent need for a complete overhaul of the tax system in this country.

Over this past week, we have all watched as the Senate Finance Committee has held important hearings on the administration of our current tax system. The testimony has demonstrated many things quite clearly, among them the fear of many taxpayers. But it has also been quite plain that for many taxpayers the root of their difficulties starts with the enormous complexity of the tax laws as they currently stand. Clearly, there is an urgent need to scrap the current tax law and start with a new system so that taxpayers can understand and follow the law in the first place.

As chairman of the Senate Committee on Small Business, I have heard in hearings from entrepreneurs all across the country that their biggest obstacle to staying in business is complying with the tax laws. The tax bill that we passed last summer did much to ease the tax burden for many small businesses. But at the same time it did nothing to reduce the complexity of the law which small enterprises must navigate in order to enjoy the lower tax bills. As a result, instead of leveling the playing field for small businesses we have made it more lopsided. Unlike their larger competitors, small businesses can rarely afford a staff of full-time professional employees to maintain the tax records and fill out the dozens of forms required each year. To put these duties in context, it has been estimated that Americans spend more than 5 billion hours each year complying with the tax laws. That is a staggering amount of time spent on completely unproductive activities.

One of the figures that we have heard in the Small Business Committee is that the average small business spends 5 percent of its revenues on figuring out how to comply with the tax laws. That is not paying the taxes, that is figuring out how much tax they owe and how to comply with the tax laws. Would it not be better for small businesses to spend that time making prod-

ucts, providing services, providing jobs—activities that they set out to do in the first place?

For the vast majorities of small enterprises there is only one person who handles all the tax matters and that is the small businessowner. That is the one person who has to deal with nearly 10,000 pages of tax laws, 20 volumes of tax regulations, and thousands and thousands of pages of instructions and other guidance, issued by the IRS. Sadly, much of that burden is more than most small businessowners can do on their own. Instead, they are forced to spend vast amounts of their limited capital to hire accountants to keep the records and prepare the tax returns.

For the small business that runs into difficulties on its taxes, the situation becomes even worse. The businessowner must spend additional funds on accountants and lawyers to handle the issue. Resolving these cases can take years, and cost tens of thousands of dollars in professional fees. Not infrequently, the end result is a tax bill that is inflated by the large amounts of interest and penalties.

Once again, we must keep in mind that every hour the small businessowner spends trying to resolve tax problems is taken away from the actual productive business of running his or her own company.

Madam President, the Small Business Committee will hold a hearing next month to elicit the views of small business on what the optimal tax system would look like, if we started from scratch. I look forward to constructive suggestions from the small business community. I expect they will say the system should be fair, simple, and easy for the average person to understand. It should apply a low rate to all Americans. It should eliminate taxes for individuals and families who can least afford to pay. It should not penalize marriage or families. It should protect the rights of taxpayers and reduce taxpayer abuse. It should minimize record-keeping and reporting requirements. It should eliminate the bias against jobs, and investment. It should protect Social Security and Medicare and help ensure all Americans have access to health insurance.

The case cannot be clearer that we need a dramatic change in our tax laws, and we need it soon.

For the information of my colleagues, the full text of my remarks will be on the web site of the Small Business Committee at [www.senate.gov/~sbc](http://www.senate.gov/~sbc).

Mr. President, the case cannot be clearer that we need a dramatic change in our tax laws and we need it soon. Too much time, money, and effort are now wasted by individuals and businesses in this country that could be spent to improve our economy, our society, and the environment. I ask my colleagues to join me in raising the alarm and committing ourselves to do more than just talk about the problem. It's time to act—it's time for a new,

fair, and simple tax system for all Americans.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Madam President, I thank each of the Senators who this morning commented on the extensive hearings under Chairman ROTH. They were very revealing. I believe there can be no doubt but that major reforms must be brought to the Nation in short order. Each of these Senators made a substantial contribution to further elaborating and making clear the urging of the Congress for this agency to reform itself. Remember that it works for the people, not the other way around.

I yield the floor. It is exactly 5 minutes after 10. I know the Senate is prepared to move to campaign reform.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### BIPARTISAN CAMPAIGN REFORM ACT OF 1997

The PRESIDING OFFICER (Ms. COLLINS). Under the previous order, the Senate will now proceed to the consideration of S. 25, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 25) to reform the financing of Federal elections.

The Senate proceeded to consider the bill.

Mr. WELLSTONE. Madam President, may I make a unanimous-consent request for 10 seconds?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

#### PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. I ask unanimous consent that Michael Smith, who is an intern in my office, be granted the privilege of the floor during debate today.

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

The majority leader is recognized.

Mr. LOTT. Madam President, today the Senate begins to formally debate what is probably the most discussed and least understood issue before the Nation, campaign finance reform. I have made clear, for the last several months, actually, that the Senate would, in due time, after finishing its work on the budget and the 13 appropriations bills, move to this matter. I indicated all along that I knew this issue would come up, that it should come up, and it should be debated. And, therefore, I have kept that commitment and we will begin our debate. We will have a full debate, and we will have some votes. Maybe not the votes that everybody would like to have, but critical, key votes on assessing where the Senate is.