

considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered as read; (4) points of order against the committee amendment in the nature of a substitute for failure to comply with clause 7 of rule XVI are waived; (5) during consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the CONGRESSIONAL RECORD designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read; (6) the Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment, and (2) reduce to 5 minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes; (7) at the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute; (8) the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions; and that House Resolution 472 be laid on the table.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

#### LAYING ON TABLE HOUSE RESOLUTIONS 356, 375, 382, AND 383

Mr. DREIER. Mr. Speaker, I ask unanimous consent that the following resolutions be laid on the table: H. Res. 356; H. Res. 375; H. Res. 382; and H. Res. 383.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

#### DATE CERTAIN TAX CODE REPLACEMENT ACT

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 473 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 473

*Resolved*, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 4199) to terminate the Internal Revenue Code of 1986. The bill

shall be considered as read for amendment. An amendment in the nature of a substitute consisting of the text of H.R. 4230 shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; and (2) one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST) pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, this is a customary rule for Tax Code-related legislation. It provides for the consideration of H.R. 4199, the Date Certain Tax Code Replacement Act. H.Res. 473 provides that the bill be considered as read and that the text of H.R. 4230 shall be considered as adopted. The rule further provides for 1 hour of general debate equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. Finally, the rule provides for one motion to recommit, with or without instructions, as is the right of minority Members of the House.

Mr. Speaker, what we have learned after 87 years of the current system is this: if we had sat down at the beginning of 1913 and asked ourselves how could we build a tax system that would punish people for earning and working hard, a system that would be obstructive of capital formation, we could not have done a better job. Our tax system is the largest impediment to people moving from the first rung of the economic ladder to the second, because the harder you work, the more you save, the more you invest, the more we take. It is a system that is inefficient. We have seen testimony from the Kemp Commission to Harvard studies that says for a small business man or woman to comply with the code and to collect and remit \$1 in business income taxes, it costs them anywhere from \$4 to \$7.

The current code is not understandable. Our own IRS tells us that if you call the IRS for help in filling out your own tax return, 25 percent of the answers they give you will be given in error. Over 50 percent of Americans have to pay others to decipher the Tax Code and do their taxes for them. In an effort to show how complex the IRS code has become, Money magazine created a fictional American family and asked tax professionals to prepare an IRS tax return. Incredibly, every one of the tax professionals came up with a different tax total, and not one of the tax professionals calculated what the editors of Money magazine believed to be the correct income tax.

The current code invades the privacy of every single American citizen. There are 100,000 people at the IRS who know more about us than we are willing to tell our children. I want them out of our lives. These are not bad people. They are people doing the job that this Congress by statute has directed them to do, but we should not have any agency of government that knows how much money you make or how you spend it. That should be none of our business. We should not have anybody who can look into your records and know your history. The government should not be looking over your shoulder counting every dime you earn. Unfortunately, to the IRS we are all presumptive tax criminals, required to open up aspects of our lives to auditors at any given moment.

□ 1330

For all of these reasons, we are here today to debate and pass H.R. 4199.

What the legislation before us today does is to sunset the current Tax Code effective December 31, 2004, and require that Congress approve a replacement system no later than July 4, 2004, to ensure a smooth transition to the new system on the first day of 2005. This legislation also establishes a bipartisan National Commission on Tax Reform and Simplification that is required to report to Congress on a new, fair, simpler Tax Code.

The overall intention of this bill is to do three things: One, sunset the current convoluted Tax Code; two, create a commission to consider alternative tax systems; and, three, foster a national debate on how to create a fair tax system for working Americans.

This is not a jump over the cliff, as some will say. There are several proposals before the Congress now that have been carefully thought out. The gentleman from Texas (Mr. ARMEY) has one that he has written a book about, the gentleman from Louisiana (Mr. TAUZIN) has one that he has pushed for several years, the gentleman from Pennsylvania (Mr. ENGLISH) has a very thoughtful proposal, and I have one too. All of these are ready to be placed in place. They are different, but every single one is better than the current system.

Mr. Speaker, my bill, H.R. 2525, that I introduced with my friend the gentleman from Minnesota (Mr. PETERSON) is a comprehensive tax reform bill. The national retail sales tax would put in place a transparent form of taxation that will end the confusion forever. This bill is known as the Fair Tax. It would repeal the Federal income tax, the capital gains tax, corporate and self-employment taxes, all payroll taxes, including Social Security and Medicare taxes, all estate and all gift taxes. Under the Fair Tax, Americans will be able to see exactly what they are paying in taxes, and the embedded costs of the IRS would be gone, because the IRS would be gone. Americans would be able to take their entire

check home with them and the IRS would be shut down. Unlike the relatively simple tax return that you would get if we move toward a flat tax, under our system we would have no tax return at all, and you would never have to keep a receipt or a record, not one.

Let me simply say that any of these proposals, as I said earlier, any of these tax reform changes would be better than the current system.

I welcome the debate that will spread across America as we determine how to install a better system. All of us who introduced the legislation, the gentleman from Texas (Mr. ARMEY), the gentleman from Louisiana (Mr. TAUZIN), the gentleman from Pennsylvania (Mr. ENGLISH), and I simply want to give Americans a fresh break from a tired and unfair old system.

Also I wanted to commend the gentleman from Oklahoma (Mr. LARGENT) for his work in crafting this legislation today. The product he has crafted will effectively prompt the national debate on this important issue, and it should be supported in the House today.

Mr. Speaker, this rule was unanimously reported by the Committee on Rules. I urge my colleagues to support the rule so we may proceed with debate and consideration of the underlying legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Republican majority has obviously decided that it is in their best interests to govern by press release rather than to actually work to pass legislation that addresses the most important needs of our great Nation. This bill, the so-called Scrap the Code Act, is a perfect case in point.

Mr. Speaker, there is not a single Member of this body who is not acutely aware that this weekend marks the deadline for the annual ritual Americans hate most. In order to suitably take advantage of the possibilities for press releases that April 15 presents to my Republican friends, this week has seen a schedule jam packed with Tax Code-related legislation. But, Mr. Speaker, why is it that two of the three tax-related measures that have been on the floor this week lend themselves more rapidly to press release, and, in the case of today's bill, a bumper sticker, of course, than to actually doing something that will provide real benefit to real people?

Mr. Speaker, Democrats in this body have said over and over again that the tax policies being pursued by the Republican majority serve the few at the expense of the many. It has been shown again and again that the American public agrees with our assessment. Democrats and the American public should view this latest proposal as the height of fiscal irresponsibility.

This is no benign press release; it is a nightmare waiting to happen. It is a creation of uncertainty in the business world that risks further stock market

destabilization, and, with it, derailing of the American economy.

I would submit, Mr. Speaker, if the Republican majority in this body was truly serious about reforming the Tax Code, the past 5½ years have provided ample time to accomplish this. They could have brought a bill to the floor at any time during the last 5 years to change the Code in a sweeping way, and they have chosen not to do so.

Our colleague the gentleman from Oklahoma (Mr. LARGENT) contends that H.R. 4199 is a vastly improved version of his earlier legislative attempt to scrap the Tax Code. He has provided us with a new name for his legislation, a name that implies by a date certain the current code will indeed be replaced. This is indeed good fodder for a press release or two.

The gentleman from Oklahoma has also provided us with a colorful time line indicating who will act when, including the date July 4th, 2004, when Congress will approve a new Tax Code, thus setting the stage for the demise of the old code on December 31, 2004. The dates also lend themselves quite well to press releases. Of course, sometimes Congress does not act by dates, and what the gentleman from Oklahoma (Mr. LARGENT) would have us do is establish a date, and, if Congress were not able to act by that date, then there would be no Tax Code in effect at all and the business climate of this country would be substantially interrupted and jeopardized.

Again, let me point out the Republicans have had 5½ years to bring a revision, a rewrite of the code to the floor, and they have not chosen to do so during that time.

Mr. Speaker, I am not here to say that it is impossible for Congress to completely revamp the method by which we fund the important and necessary activities of this country by July 4, 2004. I would merely like to remind my Republican friends that with political will and a lot of hard work, this Congress can accomplish many important tasks that will make our country even better.

So perhaps this might be an appropriate time to ask why there seems to be no political will on the part of the Republican majority to address matters that are also of great importance, like a Patients' Bill of Rights, prescription drug coverage for seniors, public education reform, raising the minimum wage, investing in our future by saving Social Security and Medicare, and paying down the public debt. Resolving these issues will take real solutions and hard work, Mr. Speaker. These issues cannot be resolved by issuing a press release. If the Republican leadership cannot work to find an answer to these pressing questions, how can we expect the Republican leadership to resolve the issue of creating a simple and fair, and the key word is "fair," Tax Code?

Mr. Speaker, this proposal sounds good on paper and in a press release,

but you really have to be able to read between the lines to understand the real intent. H.R. 4199 is a classic Trojan horse, Mr. Speaker. To the Republican majority, the bill presented by the gentleman from Oklahoma (Mr. LARGENT) represents an opportunity to force the country into accepting a national sales tax, as the gentleman from Georgia (Mr. LINDER) would propose, or a flat tax, or some other scheme to risk total chaos in the domestic and world markets.

Let us take a moment to examine what a national sales tax as advocated by the gentleman from Georgia (Mr. LINDER) would mean to working Americans. In order to replace the revenue that will be lost from scrapping the current code, however unwieldy and complicated, the Congress would have to pass a national sales tax of up to 60 percent, and that sales tax would also have to apply to the Internet, something which the Republicans recently have been claiming they do not want to do. By repealing all taxes currently in place, the national sales tax scheme would become the sole funding source for Social Security, which is a big part of the reason the percentage rate would be so high. I am forced to question how fair that kind of a tax would be to American families. In fact, such a tax would be a mammoth aggressive shift of the tax burden in this country.

Mr. Speaker, I have a number of requests for time on this rule, and each of these Members are prepared to detail the bad news that this Republican press release is really peddling. But let me close by saying the scheme behind the proposal of the gentleman from Georgia (Mr. LINDER) could result in 8 million Americans losing health insurance, a 17 percent decline in the value of the U.S. housing market, it could impose a \$200 billion per year unfunded mandate on State and local governments, and would dramatically reduce the amount of charitable giving. Mr. Speaker, I doubt if these possibilities will be part of the Republican press releases this weekend.

Mr. Speaker, I reserve the balance of my time.

Mr. LINDER. Mr. Speaker, I regret the gentleman characterized my bill without having read it.

Mr. Speaker, I yield 30 seconds to the gentleman from Oklahoma (Mr. LARGENT) to respond to another inaccuracy of the gentleman.

Mr. LARGENT. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I would just like to respond to one thing that the gentleman from Texas said about the bill, and I would commend reading the bill to the gentleman from Texas. Perhaps he does not have time to read all 10,000 pages of our current Tax Code, but this bill is only 14 pages long, and I think he can wade his way through that.

At the end of the bill it says, "If a new Federal tax system is not so approved by July 4, 2004, then Congress shall be required to vote to reauthorize the current code."

If the gentleman from Texas would like to vote to reauthorize the current code, he can do that, thereby assuring all our business community friends that there will be a Tax Code.

Mr. FROST. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, the gentleman knows that just requiring Congress to vote does not mean that something will pass. Congress votes all the time and defeats legislation. The gentleman would have us vote, but he cannot guarantee that Congress would actually pass anything, and we would be faced with a situation where no Tax Code would be in place.

Mr. LINDER. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Kansas (Mr. TIAHRT).

(Mr. TIAHRT asked and was given permission to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, I rise today in strong support of the rule and the Date Certain Tax Code Replacement Act. I can think of no other issue that strikes up more anxiety and frustration with the American people than taxes. By passing this rule and this legislation, Congress is committing to the American taxpayer to replace the present code that is commonly viewed as obsolete, burdensome, intrusive and unfair.

I am fully aware that many of my colleagues do not consider this an important issue. We have just heard the arguments once again, it is too risky, it is a scheme, total chaos.

We do not need any more excuses, because a lot of us here in America are wrestling with this modern cyclops, the IRS code, as we speak. We are doing our taxes. The Tax Code is a giant, with more pages than the Bible. It is more complex than the Justice Department's case against Microsoft. It is cold, it is heartless, and it punishes almost everything we consider successful. It costs us \$300 billion a year just to prepare our taxes, not to pay our taxes, just to get ready to pay our taxes.

This Tax Code is a ball and chain locked on our leg. But there is hope. There is a solution, and it is in this rule and in this bill. Let us set a specific date to rid ourselves of this ball and chain, the IRS code. That will give us the discipline and the incentive to put in place a fair and flatter system to provide for those things we need.

Mr. Speaker, I encourage my colleagues to vote for this rule and vote for this Date Certain Tax Code Replacement Act.

Mr. FROST. Mr. Speaker, I yield 3½ minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, all of us who recognize the importance of the new economy and who believe we should encourage its expansion by minimizing regulation and taxes and maximizing the freedom to innovate should join together today to express our concerns.

This cleverly packaged proposal that the Republicans are offering is really the very first vote in this Congress on whether to impose a new Federal tax on electronic commerce. I believe we should resoundingly reject it. Through 3 days of hearings this week before the Committee on Ways and Means, on which I serve, the same Republicans who are here today urging this proposal have been urging us to rely on taxation of electronic commerce as a major new source of Federal revenue.

The Republican-appointed Director of the Joint Committee on Taxation issued a report this very week noting that these new Republican tax proposals assume "that retail sales through the Internet would be subject to the same Federal tax as other retail sales, notwithstanding the current moratorium."

This same report notes that in order to maintain the existing level of Federal revenues, the tax that Republicans would impose on Internet sales and on sales across America would be 59.5 percent over 10 years. That is 60 percent. Those are not my numbers, those are the Republican numbers. I know that it sounds unbelievable that a Republican Congress would try to do this, but that is exactly what they are proposing, a 60 percent tax, in addition to any State and local taxes on electronic commerce that might be imposed.

□ 1345

To our Republican colleagues who say they are going to pull the Tax Code up by the roots and replace it with this new e-commerce tax, I want to tell them that Americans who understand the new economy are not going to sit idly by while the Federal government imposes a 60 percent tax, a 60 percent addition on the cost of every online purchase.

I believe that high-tech issues should be truly bipartisan in their consideration.

The problem we have too often experienced from the Republicans on behalf of working together on high technology is that they reject bipartisan approaches. They prefer the politics of division, trying to divide Democrats from high-tech, even on issues as esoteric on digital signatures.

Too often, as is the case here, they bear the burden of all their right wing ideological baggage. They have tied themselves to far right social groups who are endangering our educational system with their insistence on rejecting evolution and the big bang theory of the origin of the universe, and it is those kinds of extremists who come here today insisting that Republicans must adhere to the doctrine that the progressive income tax system upon which this great Nation has relied for almost a century, that any form of this tax system is morally wrong.

As an early supporter myself of the Internet Tax Freedom Act, I believe that if we overburden e-commerce, as they propose, with taxation and regula-

tion in its infancy, it will be stifled. It will never be able to achieve its full economic potential.

The Advisory Commission on Electronic Commerce, which has been meeting this past year, could not achieve agreement on the question of State and local taxation of the Net. But I do not believe that even they considered this much more radical Republican alternative of the gentleman from Georgia (Mr. LINDER) and his colleagues to use the Net as a major new source for Federal taxation.

Imposing too heavy a burden on the Net too soon will have devastating consequences. Do not scrap the Code by scrapping the future of the new economy. Let us reject another misguided doctrinaire Republican proposal.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in a world in which all economists admit that the consumption base is larger than the income base and the average income tax to bring our revenues in is 28 percent, to suggest we have to have a 60 percent larger base is just silliness.

Mr. Speaker, I am happy to yield 2 minutes to the gentleman from Colorado (Mr. HEFLEY).

Mr. HEFLEY. Mr. Speaker, I think this is the very reason for this Code. We have heard the view of the left-wing extremists about the Tax Code. They think the present Tax Code is just real spiffy.

We have also heard the numbers: 17,000 pages, 7 million words, 54,000 changes, \$134 billion in earlier compliance costs. Let me state that the last figure, \$134 billion in compliance costs, imagine what our families, our small businesses, and even our big corporations could do with \$134 billion they are spending on a hopelessly complex Federal Tax Code.

I think this is the greatest legacy this Congress could leave the American people is to scrap the Code we have now, get rid of the IRS as we know it now. Everywhere I go, talk radio, town meetings, when this subject is brought up, there is disagreement on what the new tax system should be, but there is almost no disagreement about getting rid of the present system.

No law-abiding citizen should be intimidated and made fearful by their government. Yet, if one gets an envelope in our mailbox, in our area it is from Ogden Utah, a little brown envelope from Ogden, Utah, we know it is from the IRS and we freeze in utter fear, no matter how honestly and carefully we have filled out our taxes, because we know we are probably about to get an audit.

That is not right. We need a fair, we need a simple code that we can all understand and it will make us not fear our government. We need to pass this bill and we need to pass this rule.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. GEPHARDT).

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, April Fool's day for the Republicans came a couple of weeks late. Every year they try to fool the American people during tax week into thinking that they are really doing something about the tax system that all of us struggle with and none of us are fond of.

Are the American people supposed to believe that the party that is throwing a party for their wealthy friends and supporters with nearly \$1 trillion in tax breaks really cares about the tax burden on middle-income families? Do Republicans really think that most Americans would rather throw a party for the wealthiest Americans, instead of using this money to provide a prescription drug benefit for all seniors so that everyone, not just the wealthy, can afford the best health care coverage in the world?

The American people are not fooled by this tired routine. Republicans have controlled Congress now for 5 years, yet during this time they have never, never passed any comprehensive tax reform that would make the lives of Americans easier.

In fact, since the Republicans took over the Congress in 1995, the Tax Code has become more complex, and it takes the average person who files a form 1040 30 percent longer to fill out their forms. They talk about it for a couple of weeks in April, but that is the end of it. There is no follow-through. There is no new code coming into being.

One conclusion from the inaction could be that Republicans actually like a Tax Code that is riddled with special interest exemptions and they want to keep it that way.

This bill proposes ripping out the Tax Code by the roots, but does not put anything in its place. We do not reform the Tax Code by appointing a commission. We do it through the hard work of coming up with real reform, a real alternative, not burning down the current one and just hoping that something might come along.

Many of us have proposed tax simplification. I have done that, and I would like to work a plan through the Congress. That is the responsible way: Put forward a plan, let people criticize it, reform the current system. Republicans would rather pull a stunt to create an illusion that there is reform going on when nothing is actually happening.

What would happen if we just abolished the Code and put nothing in its place? It would be an economic disaster. The Tax Code influences so many economic decisions by businesses and individuals: Whether and when to invest in property, whether or not to save, whether or not to sell stocks. If we rip up the rules with indecision in its place, we create chaos. That is why the National Association of Realtors, the National Association of Manufacturers, have condemned this proposal as irresponsible.

Let us be clear about what we want from a new system. Two prominent Re-

publican proposals, the national sales tax and the flat tax, both would hurt middle-income families in serious ways. If we are going to destroy the Code, let us pledge today that the replacement would be an improvement, not worse than what we have.

Let us join together on a bipartisan basis to declare that the new system should do the following:

First, we should not put a retail sales tax on prescription drugs and other health care services;

Second, that the reform should be fiscally responsible and protect social security;

Third, that it should be less complicated than the current code, and should be fair to people at different income levels;

Fourth, that we should not put a retail sales tax on Internet sales;

Fifth, that we should not shift Federal tax burdens onto State and local governments;

Seventh, we should not jeopardize the ability of people to get employer-paid health care;

Lastly, we should not shift the tax burden to low- and middle-income families.

If Republicans agree with these principles, they should vote for our alternative. If they feel compelled to vote against the alternative of the gentleman from New York (Mr. RANGEL), it is fair to ask why they are looking to tax prescription drugs and Internet sales, because that is exactly what the Republican national sales tax would do.

I think it is time to vote for the alternative. If the alternative does not pass, I hope Members will vote down this very bad but often repeated idea.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just say, it is hard to take seriously the words of a gentleman who introduced a flat tax with five different levels several years ago.

Mr. Speaker, I yield 3 minutes to the gentleman from Wyoming (Mrs. CUBIN).

Mrs. CUBIN. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in strong support of the measure under debate today and in support of the rule.

Our Tax Code, the one that we currently live under, has been tweaked and modified and transformed to such a point that all that remains is layer upon layer upon layer of incoherence and inconsistency. We have allowed confusion to replace common sense. Our garden has become so overrun with weeds that we do need to tear it up and start anew.

I have heard several of my colleagues today express their concerns about tearing our Tax Code out by its roots. I guess I cannot fault them for their hesitancy. This is a monumental piece of legislation we are considering. As we work in the coming years to craft a new Tax Code, this legislative body

will have no choice but to accept accountability for how much of the American family's paycheck the Federal government collects, and for all of the frustrations that they have to experience in filing their tax returns.

For those Members who prefer big government and increased Federal spending, that will be a heavy burden for them to bear, as well it should be. But please, Mr. Speaker, do not be fooled by those today who try to dismiss this measure that we are debating as a political act. This bill does not establish a new tax policy. We will have plenty of time to determine what policy we should pass once we have begun debate on this bill. Where we will have time to adopt a realistic tax policy.

Committing ourselves to replacing an overwhelming and inconsistent Tax Code is not a political issue, it is about making a promise to the American people that is long overdue. Passage of this measure clearly proclaims to American families in every congressional district that we know this Tax Code is broken, and that we are going to do everything that we can to replace it with one that works.

Mr. FROST. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, let us be very clear what is going on here. We have a group of Fidel Castros and Che Guevaras on the other side. They are revolutionaries. They want to tear down the system, but they have no plan. They do not know how to govern. They have had 5½ years to bring a revision of the Tax Code to the floor and they have not done it. What makes us think they will do it now?

Mr. Speaker, I yield 2 minutes to the gentleman from California (Ms. ESHOO).

Ms. ESHOO. Mr. Speaker, we all got here the same way, we campaigned. During the campaigns we waged there were all kinds of political buttons, there were yard signs, there were balloons. Some people had hair combs with their names on, nail files. Of course, there is the traditional bumper sticker.

Today what is being brought to the floor of the House in my view is a political bumper sticker. Why do I say that? Because the American people really want us, once that campaign is over, to come here, to be thoughtful, to work with the kind of earnestness that is going to produce sound public policy for our country.

So what is on the floor? What are we debating for the American people that are tuned in today? Rather than a thoughtful, comprehensive alternative to our Nation's Tax Code, which is complex, which is confusing, and no one likes, we get a bumper sticker. It is flimsy because it is trying to sell a tax plan that taxes the Internet and derails our Nation's new economy.

Yesterday there was a large press conference where the Speaker of the House accepted the report of the Internet Tax Advisory Commission, which

recommended that the Internet not be taxed. The Speaker said, we intend to take this report seriously.

Today, at this very moment, while we are here on the floor, the very same time, the chairman of the Committee on Ways and Means is holding a hearing where another Republican Member of Congress is testifying in favor of a national sales tax plan that will tax the Internet.

Representing a good part of Silicon Valley, I want to tell the Members something, my constituents are asking right now, who is on first, who is on third? This is a 59.5 percent sales tax, Federal sales tax, not including State or local taxes, on electronic commerce.

We cannot have it both ways. If we are going to pull something out by its roots, we have to plant thoughtful seeds that are going to produce something else for our Nation. Our Nation's economy, this new economy, is the envy of the entire world. If in fact we pile a 59.5 percent Internet tax on electronic commerce in this country, we will not only sink the Internet, sink the golden goose that is producing something for our Nation, but we will absolutely kill it off.

So I ask my colleagues to reject this political bumper sticker, this ill-conceived plan. Our Nation deserves better.

□ 1400

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to say only this: those who choose to not put a sales tax on the Internet are picking winners and losers. The Government ought to be neutral. Our neighbors down the street ought to have the same treatment as the people that sell on the Internet in competition with them.

Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. GREEN).

Mr. GREEN of Wisconsin. Mr. Speaker, I thank the gentleman from Georgia (Mr. LINDER) for yielding me this time.

Mr. Speaker, I rise today in support of both the rule and this bill. Today is a good day because today is the day we learn which party really supports ethics and government reform, because this is where reform truly begins.

One cannot, one cannot, seriously and sincerely be in favor of reforming the so-called iron triangle unless you strike at its heart. What is the iron triangle made out of? The Tax Code. That is why the Democrats and that is why the establishment hate this bill so much, because it goes to the heart of their iron triangle.

Listen to the excuses they make; listen to how they try to change the subject. The truth is, what is it that Washington special interests focus on most? They focus on the Tax Code, because this Byzantine, complicated, confusing and complex Tax Code is such a monstrosity that it is this Tax Code where they can hide their special interest favors. That is why they support the cur-

rent Tax Code. That is why they do not want the Tax Code scrapped. That is why they want to change the subject.

So I say to my colleagues, if they are truly in favor of ethics reform and government reform and changing the system and changing America, they must support this rule, support this bill, and let us launch ourselves on the real road to reform.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. LOFGREN).

Ms. LOFGREN. Mr. Speaker, I am not a member of the Committee on Ways and Means and generally do not get terrifically involved in issues of taxation except when I, like all the other Americans, pay my taxes once a year. I know that I join many in America by saying that I do not like the current system. April 15 is not a delightful day, and I think we can agree on that on a bipartisan basis.

However, the fact that the current Tax Code could be improved is really no good reason to propose to simply blow it up and thereby threaten the new economy.

Now when I learned that the Republican-appointed director of the Joint Committee on Taxation had issued a report this week indicating that these proposals would require a 59.5 percent sales tax, well, heck let us round it up to 60 percent sales tax, and that that would have to be including Internet sales, I became actually pretty concerned.

I do not really believe that this measure is going to become law; but if it were at this point, it would have a severe negative impact on the new economy.

There are many who believe that the Internet eventually, the sale of goods on the Internet, will eventually be subject to taxation. I do not have a position on that at this point, but to suggest that a 60 percent taxation rate would be appropriate for the Internet can do no good for the new economy.

Having served 14 years in local government, I would note that this would be on top of whatever local governments do. In my own county of Santa Clara, the Silicon Valley, we have a State sales tax of 6 percent; and we also have some voter-approved sales taxes that the voters have imposed on themselves to do highways and transit. So in Santa Clara County this would be a 68 percent Internet sales tax.

I would urge Members to vote no.

Mr. LINDER. Mr. Speaker, I yield 30 seconds to the gentleman from Ohio (Mr. PORTMAN), from the Committee on Ways and Means, to respond.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman from Georgia (Mr. LINDER) for yielding me this time.

Mr. Speaker, I just want to make the point to those in the Chamber and those who might be listening that the folks on the other side of the aisle who are talking about this bill must not have read it. This bill has nothing to do with a sales tax, nothing to do with

a 60 percent tax or a 20 percent tax or a 5 percent tax.

This is about forcing Congress to deal with what the gentlewoman just said is a flawed Tax Code. We think it is broken. We think it ought to be fixed. We are not prejudging what it should be. This sets up a commission, which would be an 18-month bipartisan, bicameral commission, including the administration, that would analyze this situation and come back and report to Congress for Congress to make that decision.

I just want to clarify the debate.

Mr. FROST. Mr. Speaker, I would inquire of the time remaining on each side.

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Texas (Mr. FROST) has 13 minutes remaining, and the gentleman from Georgia (Mr. LINDER) has 14½ minutes remaining.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, there is nothing as absurd as blowing something up if one does not know what they are going to have to replace it. Today, the Committee on Ways and Means is considering a national sales tax as if it is a panacea for complexity and unfairness.

Mr. Speaker, for 6 years I headed the largest sales tax agency in this country, and I am here to testify that the sales tax offers an opportunity at every level for complexity, unfairness, special interest provisions. Everything that is hated about the Internal Revenue Code will be brought in to a sales Tax Code if the reasons for that complexity are not defeated, the reasons for that unfairness, and there is not real campaign finance reform.

What does this closed rule do? It prevents us from bringing section 527 and its unfair rules that hide political activity, prevent disclosure of campaign finance to the American people. So we have a rule designed to facilitate, not reform, but a national sales tax system to be implemented by a Congress put there by secret contributions, secret political organizations.

Mr. Speaker, we should instead be trying to reform our tax laws code section by code section.

This rule and the underlying bill is much sound and fury that will signify nothing, because what does a politician do if they want to do nothing? Appoint a commission. Great. We appoint a commission. It comes through with a national sales tax bill at 59.5 percent. We, of course, do not adopt that; and this Congress will be put in a position, having wasted years, having deflected any effort at real income tax reform, and be in a position where it must either let the Government expire or readopt a flawed Tax Code.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at the risk of sounding remedial, I would like to point out to

the previous speaker that this is not about campaign finance.

Mr. Speaker, I yield 2 minutes to the gentleman from Staten Island, New York (Mr. FOSSELLA).

(Mr. FOSSELLA asked and was given permission to revise and extend his remarks.)

Mr. FOSSELLA. Mr. Speaker, I thank the gentleman from Georgia (Mr. LINDER) for yielding me this time.

Mr. Speaker, I think the question that we need to ask ourselves and the question that I think we owe to be answered by the American people is, does anybody in this Nation truly understand the Tax Code? I have yet to find anybody who truly understands the Tax Code.

So then we have to ask a follow-up question: Is that right? Is it right for the American people not to understand their own Tax Code; that the taxi driver or the small business owner or the nurse or the teacher that when they get their tax bills at the end of the year and they are trembling when they have to go see an accountant because they have no idea what they are doing; is that right?

Should the Congress be sending out a signal to the American people, here is the Tax Code and we do not care if they do not understand it? Is it not taken for granted the genius of the American people, the spirit of the American people, the productivity of the American people, the creativity of the American people, and then we give them this Tax Code?

Then we have a reasonable approach that says, know what, Congress has a habit too often of imposing mandates on the private sector, to say to the private sector do this by such and such a date, and we do not care what the costs are, we do not care what they have to do to meet those goals. Congress speaks; they do, they follow.

Well, now Congress, some people in Congress, are urging Congress to impose those standards on itself, to say to the American people we hear their plea, we hear their plea that the Tax Code is too complicated. We are going to give them a Tax Code that they can understand.

What is wrong with that? One would be led to believe that this building is going to crumble, that the world is going to fall apart; but in reality what is going to happen is the responsible people in this House and across our country are going to say give us something simple; give us something that encourages productivity, encourages economic growth and does not penalize the hardworking taxpayers of this country.

Mr. FROST. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, the previous speaker was asking about simplicity and how do we understand all of this.

Let me read a memo from the Joint Committee on Taxation. This ought to be simple enough for the gentleman to understand.

The memorandum is in response to their request for an estimate of the budget neutral tax rate for H.R. 2525. That is the bill of the gentleman from Georgia (Mr. LINDER), a bill to replace the current U.S. corporate and individual income, estate and gift and Federal income contributions act, payroll taxes, with a flat tax on retail sales of all goods and services.

Then on the second page it has a little chart here, neutral over 5 years, 59.5 percent. That is what they want to do, neutral over 5 years, national sales tax 59.5 percent. I believe the American people can understand that.

Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Mr. Speaker, I rise in strong opposition to this rule. I represent thousands of Oregonians that work in the high-tech industry. They tell me that the best way to encourage expansion of the new economy is to minimize government regulation and maximize a freedom to innovate. That is why high-tech issues should be considered on a truly bipartisan basis, and to date we have done that.

In October of 1998, we overwhelmingly passed the Internet Tax Freedom Act, a law to keep the heavy hand of government off the Internet. We passed this law because we all know that if e-commerce is overburdened by taxing it and crippling it with government regulations, then it will never achieve its full potential.

Then we turned around and last October overwhelmingly approved another bipartisan measure, the Global Internet Tax Freedom Act, to keep the Internet from being taxed by members of the WTO and the United Nations.

That is why I am so disappointed the House leadership would approve this proposal because it is nothing more than a back-door attempt to impose a new Federal tax on electronic commerce. We have absolutely no business scrapping our Tax Code and replacing it with up to a 59.5 percent national sales tax that would give the IRS jurisdiction over the Internet.

I am not fond of the current system, and I will work to reform it; but this defies all common logic. It is a sure-fire way to ensure that we cripple the development of our high-tech industry.

I urge my colleagues to reject this rule and support common sense, bipartisan tax relief.

Mr. LINDER. Mr. Speaker, I yield 5 minutes to my friend, the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, America was founded by revolutionaries. America has a \$300 billion trade deficit. I agree with the gentleman from Missouri (Mr. GEPHARDT), the Tax Code is designed to modify economic behavior, and that is why we have to throw it out. If the Founders wanted to modify economic behavior, they would have hired someone like Sigmund Freud to write it.

The first Constitution allowed for slavery, treated women like property

and Indians like buffaloes; but it had enough good sense to not allow an income tax.

When the income tax was brought forward, the Supreme Court struck it down, and Members of Congress screwed it up with an amendment.

I support the rule. I support the bill. Now the Linder-Peterson bill may have been scored but they are honest. They throw FICA in. The Tauzin-Traficant 15 percent has not been scored. We leave FICA alone, and so help me God a combination of Linder-Peterson/Tauzin-Traficant will be the law of this land.

Now I can remember coming before the Democrats, and they all laughed at me. The Traficant bill would change the burden of proof in a civil tax case. It required judicial consent. They laughed at me. You never gave me a hearing. The Committee on Ways and Means laughed in my face. I want to thank the Republican Party for including the Traficant bill in the IRS reform.

Now Democrats, listen to what the Republicans did for the American people. In 1997, before the new reform law, there were 3.1 million attachments on wages and accounts.

□ 1415

In 1999, 540,000. Property liens, 1997, 680,000. In 1999, Mr. Speaker, 168,000. But listen to the big one. Life, liberty, and pursuit of property. The last amendment to the document we are talking about was life, liberty, pursuit of happiness, I say to the gentleman from Oregon (Mr. WU). Property seizures, 1997, 10,037. Requiring judicial consent, 161 in 1999.

My colleagues were wrong then. They are wrong now. They are going to be in the minority for a long time if they do not get progressive. Scrap this Tax Code. It will give King Kong a hernia. It rewards dependency. It penalizes achievement. It subsidizes illegitimacy.

What can we do to perfect this bad document? The 15 percent national retail sales tax leaves FICA alone. It exempts all property taxes up to the poverty level. It adjusts the Consumer Price Index that, if it affects seniors, the COLA will be increased. They are scoring it now.

The gentleman from Georgia (Mr. LINDER) and the gentleman from Minnesota (Mr. PETERSON) have been honest. They throw FICA in. We do not. We think we have got to study it. We have enough time in 5 years to change this code.

Let me say one last thing to Democrats, 25 percent of a manufactured item's clause is complying with the Tax Code. That Toyota made in Japan has a 25 percent advantage right off the start against my Cavalier in Lordstown. I will have no more of it. Damn it, I want a study. I want it to be known that there is a Democrat involved in the national sales tax that leaves FICA alone for now, and Tauzin-

Traficant-Linder-Peterson must get a look, or we will have failed our people.

There is one last thing I would like to say to everybody in this room. We have a \$300 billion trade deficit. We are not going to solve it modifying economic behavior.

We abolish the IRS, abolish all income tax, abolish all debt taxes, capital gains taxes, all taxes on savings, all taxes on investment, all taxes on education. Why should we be paying double taxes on an income dollar and then a dollar of savings. Beam me up here.

The American people are going to have to change the Tax Code. My colleagues should make it a part of the presidential debate. Because the Democrats do not have enough anatomy to address the progressive thinking that the American people need.

The Tauzin-Traficant bill is going to be scored. If my colleagues continue to scare people with the 59.5 percent, and, personally, I believe they were smoking dope when they gave it, then they are going to have a hell of a rough time with me.

I urge the Congress to overwhelmingly support this rule and to support this bill. The Democrats who would not listen to the burden of proof and judicial consent, they should pay a little attention and get on board. They might be able to help us make this new scheme a better one for all Americans.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MILLER of Florida). The gallery is advised that they are not supposed to applaud.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. TANNER).

Mr. TANNER. Mr. Speaker, I agree with everyone who thinks that the current Tax Code is broken. I am on the committee. Let me say at the outset how hard it is to reach a consensus for any change in the Tax Code.

The Republicans know they have been in charge 5½ years now, and it is just not easy when one is running a train to reach a consensus. We cannot reach a consensus on things that the American people seem to have a consensus about. The danger of this approach, in my view, is for that very reason.

If we enacted a bill that did away with, pulled it out by its root, as has been said, on a day certain, and that Congress at that later date could not reach a consensus on what ought to replace it, we will throw, not only this country, but the world into a recession in the likes in which, in my judgment, have never been seen, because of one thing, the uncertainty of the American economy.

As bad as this is, and we must continue every time we meet to work on making it simpler, making it fair, all the things that everybody here agrees on, as bad as that is, the uncertainty injected into the markets, the uncertainty injected into what would happen to the American dollar, the bedrock of

international currency if this actually took place is, in my view, appalling.

No sane, rational business person would say scrap it, but then we will just take a look and see whether what we can come up with a consensus on to replace it. That is not a thoughtful way to go about the Nation's business as stewards.

I tell my colleagues, this is a nice exercise in bashing the Tax Code, and I will join in on that one every day. But this approach, when we do not know if we can reach a consensus, in my view, is not only dangerous, but it is counterproductive.

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. THUNE).

Mr. THUNE. Mr. Speaker, let me just say that this time of year, there are millions of Americans who are sitting in their living rooms and their kitchen tables and going through this process that we do annually, the annual ritual of filling out their tax return and thinking to themselves this is absolutely insane.

There is no justification. It is absolutely indefensible what we ask the American people to do to comply with the Tax Code. One looks at what we spend in terms of resources and time and energy, cost, it costs over \$200 billion a year just to comply with the Tax Code in this country. Annually, Americans spend over 5 billion hours filling out IRS forms, equal to about the equivalent of almost 3 million people working full time, doing nothing but complying with IRS paperwork.

There was a poll done about a year ago, Mr. Speaker, which asked the question, "If you could just choose one person to have audited by the IRS, who would it be? Your mother-in-law? Your boss? Or your congressman?"

The mother-in-law ironically only got 3 percent. The boss got 8 percent. The congressman got 68 percent. People in this country are looking for us to help solve the problem.

If my colleagues cannot take the legislation that has been introduced by the gentleman from Oklahoma (Mr. LARGENT) who has accommodated a lot of the concerns that were raised by our colleagues in the last session of Congress, and address those, they cannot be against that without saying I accept the status quo. The status quo, in my opinion, Mr. Speaker, is a national tragedy.

We have to do better because the American people deserve better. They deserve a Tax Code that is simple and clear and fair and in which they do not have to be fearful every year when they go through this process of trying to fill it out that they may be audited by the IRS for something they do not even know about, because we go through the ritual of adding to and the myriad and the Byzantine regulations and the number of laws that are consistently put on the books each year to try to make this thing more complicated.

We have a responsibility to the American people. I urge the adoption of this rule and the passage of the bill.

Mr. FROST. Mr. Speaker, how much time is remaining on each side?

The SPEAKER pro tempore. The gentleman from Texas (Mr. FROST) has 6½ minutes remaining. The gentleman from Georgia (Mr. LINDER) has 5½ minutes remaining.

Mr. FROST. Mr. Speaker, I yield myself 30 seconds.

The other side has used words like absurd, Byzantine, ludicrous to describe the Tax Code. There are a lot of problems with the Tax Code. I would only add one word to that, and I would apply it to the other side, that is "timid."

They are too timid to bring a real bill to the floor that actually changes the code. If my colleagues want a change, they control the committee, they control the process here, albeit temporarily, bring a bill to the floor that changes the code.

They do not have, one of the other speakers made some reference to anatomy. I would only say they are very, very timid when it comes to actually solving the problems that face this country.

Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. WU).

Mr. WU. Mr. Speaker, I thank the gentleman from Texas (Mr. FROST) for yielding me the time. I thank the gentleman from Ohio (Mr. TRAFICANT) for his premature recognition. To further discuss what the gentleman from Texas (Mr. FROST) and the gentleman from Ohio mentioned, it is obvious that it was not anatomy that got me here. It was a sound consideration of policy, a measured approach to fiscal responsibility, and basically being responsible and exercising common sense.

Now, I do not like the current Tax Code. I do not know anyone who does. But to toss it out without a replacement is absolutely irresponsible. The business uncertainty that it injects into the economy alone, that uncertainty alone should get this bill tossed.

Even worse, the likely replacement for this, the likely replacement for the current system is a national sales tax.

I would like to say two things about a national sales tax, first of all, its devastating effect on e-commerce. E-commerce is burgeoning right now. It cannot stand the projected 50 percent tax. It would choke e-commerce in its infancy. It would consign e-commerce to an early crib death.

Secondly, and perhaps more importantly to me and to a few other folks, my home State of Oregon does not have a sales tax. We have voted on it several times, and we have repeatedly rejected a sales tax. Alaska does not have a State sales tax. Delaware does not have a State sales tax. Montana does not have a State sales tax. New Hampshire does not have a State sales tax. My dear State of Oregon does not have a State sales tax.

I will be darned if I will see a Federal Government impose a form of taxation

on my State that my constituents have repeatedly rejected.

Mr. LINDER. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Oklahoma (Mr. LARGENT), the sponsor of the measure we are about to take up.

Mr. LARGENT. Mr. Speaker, I would just like to say that I have been the husband of one wife for 25 years, the father of four children that are productive members of our community, been elected to Congress three times by overwhelming majorities, and I feel like that is some kind of track record on being a responsible person.

But sometimes it takes some irresponsible acts, some radical acts to make some changes that are needed. I would tell my colleagues that there would be many people that were probably in this House Chamber that said that dropping a bomb on Japan to end World War II, at least precipitate the end of World War II, was a radical act, and that we need to think about that, that we need to be more responsible. But, no, sometimes it takes something more radical to make significant changes.

I want to tell my colleagues the IRS and the Tax Code are waging a war on our families, on individuals, on small business, on the business community at large.

My colleagues say it would create uncertainty in the markets. What could be more uncertain than the 6,000 changes that this Congress has made since 1986? That is what is creating the uncertainty is the fact that, every time Congress messes with the Tax Code, it gets longer and it gets more complex. It is time to stop the nonsense.

Mr. FROST. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I suppose, unlike some of the debates we have here in this House, that the amazing thing about this debate is that the comments that our colleagues on the Republican side have made confirm all of our concerns about this measure.

Indeed, they defend the principal sponsor of one of these measures to tax e-commerce. The gentleman from Georgia (Mr. LINDER) defends the taxation of e-commerce as a new Federal revenue source. One of his principal supporters testifying in the committee indicated it would be a major source of future Federal revenue.

No one, until this radical proposal was presented here in Congress, has proposed that the Federal Government should rely on e-commerce to finance the operations of the entire Federal Government. There has been considerable debate over whether there should even be State or local sales tax on e-commerce. That is a debate for another day.

But the idea of imposing on top of State and local taxes a major Federal sales tax on all e-commerce is likely to have a devastating impact on e-commerce. These are young companies. These are start-up companies.

Sometimes the true dream of American capitalism is that one can begin in a garage and grow to be a major part of the American economy. Those are the kinds of little companies that are out there that need to be given room to grow. Americans are finding as consumers that there are many opportunities offered through e-commerce.

□ 1430

These Republicans would come forward and scrap the code by scrapping the new economy, by imposing up to a 60 percent tax on these major participants in our new economy.

Now, they claim that it is not 60 percent; that maybe it is just 20 or 30 percent. Is 20 or 30 percent not enough to alarm anyone who is concerned about whether or not we are going to encourage and develop e-commerce? But it is the Republicans' own analysis by the Joint Tax Committee, issued on April 7 by a Republican-appointed director, who says that the Internet is going to be subject to up to a 59.5 percent tax.

It is the gentleman from Louisiana (Mr. TAUZIN) who testified in writing to the Committee on Ways and Means yesterday that "all goods and services for consumption would be taxed at the same rate. No exceptions." That means, just like the bill of the gentleman from Georgia (Mr. LINDER), that there is no exception for e-commerce.

So the proposal we have today before us is one that scraps the code by transferring the burden on to e-commerce. If my colleagues think that is a good idea, if they want to pay 60 percent, maybe just 20 or 30 on top of every e-commerce transaction, sign onto this Scrap the Code because that is what it is all about.

Mr. FROST. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let us be very clear what this is all about. This is a bumper sticker. That is what we are debating today. We are debating a bumper sticker and a press release. We are not debating action. We are not debating a legislative proposal that would actually help the American public.

I just want to reiterate. If the people on the other side really wanted to change the Tax Code, they have had 5½ years to do it, and they have not brought a proposal to the floor of the House to do that. All they want is the opportunity to give a speech and to issue a press release.

Well, they have had that, and I think the American people should understand that that is all they get out of what is going on today.

Mr. Speaker, I yield back the balance of my time.

Mr. LINDER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, the IRS has made criminals of us all, and it is time for it to go away. And that is what this is about, scrapping the code. This is real. Now, it may be a joke for Democrats, who have spent 40 years building up this monstrosity, but this is very real.

And there are some very real proposals to replace it, proposals that have been studied for years. My proposal, which has been ridiculed today, has been studied for over 3½ years, with \$15 million spent in universities from Harvard to Boston College to MIT to Stanford to Rice, and none of them came up with a 60 percent tax rate.

Guess who did? A committee whose members have their entire political capital invested, or their intellectual capital invested in the Tax Code. They would lie to get this thing defeated, because we have depreciated their intellectual capital if we get rid of all the income taxes and all the difficulties and the taxes are transparent and easy to understand. They will not be needed any more.

If we get rid of this Tax Code with a single transparent, straightforward, simple sales tax, Americans will know what it costs every time they buy something, what it costs for government. What they are not telling the American public is that currently, as the gentleman from Ohio pointed out, we know that 22 to 25 percent, according to various studies, of what taxpayers currently pay for at retail is the current embedded cost of this tax system.

They would rather have a hidden tax than a transparent tax because they know, if taxpayers saw how much government was costing them, they would rebel and ask us to reduce the role of government in their lives. We are currently paying it. It is hidden. They like that.

This income tax was originally intended and promised to only tax the top 2 percent of the income earners in America. That was the promise that was made in 1913. And indeed, if we think back to the last two tax increases, 1990 and 1993, the promise was made we are only going to raise the taxes on the top 1 percent. Well, guess what? In 1990, the top 1 percent paid \$106 billion in taxes. And after the tax increase on them, the following year they paid \$100 billion. Because rich people are often smart people, they can find ways to rearrange their income.

But each of these tax increases, that these folks so love, reverberates through the system and we all pay. We all pay. All we want is to get rid of a monstrosity that no one understands; that confuses every taxpayer and keeps hidden what the actual cost of government is, and then let us have a debate on what to replace it with. It may not be my tax bill; perhaps it will be the bill offered by the gentleman from Texas (Mr. ARMEY) or the gentleman from Ohio (Mr. TRAFICANT) or the gentleman from Louisiana (Mr. TAUZIN). But it will be simpler, more understandable, and it will be fairer.

One of my favorite stories about the 1913 debate on the 16th amendment to impose the income tax was that one of the Senators was ridiculed and laughed off the floor of the United States Senate for saying something absolutely



outrageous. He said this: "Mark my words, before this is over, the government will be taking 10 percent of everything you earn." It was considered so outrageous by his colleagues that they ridiculed him off the floor of the Senate.

I feel certain that is what gave fresh meaning to my favorite country western song, "If 10 Percent Is Enough for Jesus it Ought to be Enough for Uncle Sam."

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. PORTMAN. Mr. Speaker, pursuant to House Resolution 473, I call up the bill (H.R. 4199) to terminate the Internal Revenue Code of 1986, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. MILLER of Florida). Pursuant to House Resolution 473, the bill is considered read for amendment.

The text of H.R. 4199 is as follows:

H.R. 4199

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Date Certain Tax Code Replacement Act".

**SEC. 2. PURPOSE.**

The purpose of this Act is to set a date certain for replacing the Internal Revenue Code of 1986 with a simple and fair alternative.

**SEC. 3. TERMINATION OF INTERNAL REVENUE CODE OF 1986.**

(a) IN GENERAL.—No tax shall be imposed by the Internal Revenue Code of 1986—

(1) for any taxable year beginning after December 31, 2004; and

(2) in the case of any tax not imposed on the basis of a taxable year, on any taxable event or for any period after December 31, 2004.

(b) EXCEPTION.—Subsection (a) shall not apply to taxes imposed by—

(1) chapter 2 of such Code (relating to tax on self-employment income);

(2) chapter 21 of such Code (relating to Federal Insurance Contributions Act); and

(3) chapter 22 of such Code (relating to Railroad Retirement Tax Act).

**SEC. 4. NATIONAL COMMISSION ON TAX REFORM AND SIMPLIFICATION.**

(a) FINDINGS.—The Congress finds the following:

(1) The Internal Revenue Code of 1986 is overly complex, imposes significant burdens on individuals and businesses and the economy, is extremely difficult for the Internal Revenue Service to administer, and is in need of fundamental reform and simplification.

(2) Many of the problems encountered by taxpayers in dealing with the Internal Revenue Service could be eliminated or alleviated by fundamental reform and simplification.

(3) The Federal Government's present fiscal outlook for continuing and sustained budget surpluses provides a unique opportunity for the Congress to consider measures for fundamental reform and simplification of the tax laws.

(4) Recent efforts to simplify or reform the tax laws have not been successful due in part

to the difficulty of developing broad-based, nonpartisan support for proposals to make such changes.

(5) Many of the problems with the Internal Revenue Service stem from the overly complex tax code the agency is asked to administer.

(b) ESTABLISHMENT.—

(1) IN GENERAL.—To carry out the purposes of this section, there is established within the legislative branch a National Commission on Tax Reform and Simplification (in this section referred to as the "Commission").

(2) COMPOSITION.—The Commission shall be composed of 15 members, as follows:

(A) Three members appointed by the President, two from the executive branch of the Government and one from private life.

(B) Four members appointed by the majority leader of the Senate, one from Members of the Senate and three from private life.

(C) Two members appointed by the minority leader of the Senate, one from Members of the Senate and one from private life.

(D) Four members appointed by the Speaker of the House of Representatives, one from Members of the House and three from private life.

(E) Two members appointed by the minority leader of the House of Representatives, one from Members of the House and one from private life.

(3) CHAIR.—The Commission shall elect a Chair (or two Co-Chairs) from among its members.

(4) MEETINGS, QUORUMS, VACANCIES.—After its initial meeting, the Commission shall meet upon the call of the Chair (Co-Chairs, if elected) or a majority of its members. Nine members of the Commission shall constitute a quorum. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made. Any meeting of the Commission or any subcommittee thereof may be held in executive session to the extent that the Chair (Co-Chairs, if elected) or a majority of the members of the Commission or subcommittee determine appropriate.

(5) CONTINUATION OF MEMBERSHIP.—If—

(A) any individual who appointed a member to the Commission by virtue of holding a position described in paragraph (2) ceases to hold such position before the report of the Commission is submitted under subsection (g), or

(B) a member was appointed to the Commission as a Member of Congress and the member ceases to be a Member of Congress, or was appointed to the Commission because the member was not an officer or employee of any government and later becomes an officer or employee of a government, that member may continue as a member for not longer than the 30-day period beginning on the date that such individual ceases to hold such position or such member ceases to be a Member of Congress or becomes such an officer or employee, as the case may be.

(6) APPOINTMENT; INITIAL MEETING.—

(A) APPOINTMENT.—It is the sense of the Congress that members of the Commission should be appointed not more than 60 days after the date of the enactment of this Act.

(B) INITIAL MEETING.—If, after 60 days from the date of the enactment of this Act, eight or more members of the Commission have been appointed, members who have been appointed may meet and select the Chair (or Co-Chairs) who thereafter shall have the authority to begin the operations of the Commission, including the hiring of staff.

(c) FUNCTIONS OF THE COMMISSION.—

(1) IN GENERAL.—The functions of the Commission shall be—

(A) to conduct, for a period of not to exceed 18 months from the date of its first

meeting, the review described in paragraph (2), and

(B) to submit to the Congress a report of the results of such review, including recommendations for fundamental reform and simplification of the Internal Revenue Code of 1986, as described in subsection (g).

(2) REVIEW.—The Commission shall review—

(A) the present structure and provisions of the Internal Revenue Code of 1986, especially with respect to—

(i) its impact on the economy (including the impact on savings, capital formation and capital investment);

(ii) its impact on families and the workforce (including issues relating to distribution of tax burden);

(iii) the compliance cost to taxpayers; and

(iv) the ability of the Internal Revenue Service to administer such provisions;

(B) whether tax systems imposed under the laws of other countries could provide more efficient and fair methods of funding the revenue requirements of the government;

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

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

(d) POWERS OF THE COMMISSION.—

(1) IN GENERAL.—The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, take such testimony, receive such evidence, and administer such oaths, as the Commission or such designated subcommittee or designated member may deem advisable.

(2) CONTRACTING.—The Commission may, to such extent and in such amounts as are provided in appropriation Acts, enter into contracts to enable the Commission to discharge its duties under this section.

(3) ASSISTANCE FROM FEDERAL AGENCIES AND OFFICES.—

(A) INFORMATION.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the Government, as well as from any committee or other office of the legislative branch, such information, suggestions, estimates, and statistics as it requires for the purposes of its review and report. Each such department, bureau, agency, board, commission, office, establishment, instrumentality, or committee shall, to the extent not prohibited by law, furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chair (Co-Chairs, if elected).

(B) TREASURY DEPARTMENT.—The Secretary of the Treasury is authorized on a nonreimbursable basis to provide the Commission with administrative services, funds, facilities, staff, and other support services for the performance of the Commission's functions.

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

(D) JOINT COMMITTEE ON TAXATION.—The staff of the Joint Committee on Taxation is authorized on a nonreimbursable basis to provide the Commission with such legal, economic, or policy analysis, including revenue estimates, as the Commission may request.

(E) OTHER ASSISTANCE.—In addition to the assistance set forth in subparagraphs (A), (B), (C) and (D), departments and agencies of

the United States are authorized to provide to the Commission such services, funds, facilities, staff, and other support services as they may deem advisable and as may be authorized by law.

(5) **POSTAL SERVICES.**—The Commission may use the United States mails in the same manner and under the same conditions as departments and agencies of the United States.

(6) **GIFTS.**—The Commission may accept, use, and dispose of gifts or donations of services or property in carrying out its duties under this section.

(e) **STAFF OF THE COMMISSION.**—

(1) **IN GENERAL.**—The Chair (Co-Chairs, if elected), in accordance with rules agreed upon by the Commission, may appoint and fix the compensation of a staff director and such other personnel as may be necessary to enable the Commission to carry out its functions without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III or chapter 53 of such title relating to classification and General Schedule pay rates, except that no rate of pay fixed under this subsection may exceed the equivalent of that payable to a person occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code. Any Federal Government employee may be detailed to the Commission without reimbursement from the Commission, and such detailee shall retain the rights, status, and privileges of his or her regular employment without interruption.

(2) **CONSULTANT SERVICES.**—The Commission is authorized to procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the daily rate paid a person occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(f) **COMPENSATION AND TRAVEL EXPENSES.**—

(1) **COMPENSATION.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), each member of the Commission may be compensated at not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day during which that member is engaged in the actual performance of the duties of the Commission.

(B) **EXCEPTION.**—Members of the Commission who are officers or employees of the United States or Members of Congress shall receive no additional pay on account of their service on the Commission.

(2) **TRAVEL EXPENSES.**—While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 (b) of title 5, United States Code.

(g) **REPORT OF THE COMMISSION; TERMINATION.**—

(1) **REPORT.**—Not later than 18 months after the date of the first meeting of the Commission, the Commission shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. The report of the Commission shall describe the results of its review (as described in subsection (c)(2)), shall make such recommendations for fundamental reform and simplification of the Internal Revenue Code of 1986 as the Commission considers appropriate, and shall describe the expected impact of such recommendations on the economy and progres-

sivity and general administrability of the tax laws.

(2) **TERMINATION.**—

(A) **IN GENERAL.**—The Commission, and all the authorities of this section, shall terminate on the date which is 90 days after the date on which the report is required to be submitted under paragraph (1).

(B) **CONCLUDING ACTIVITIES.**—The Commission may use the 90-day period referred to in subparagraph (A) for the purposes of concluding its activities, including providing testimony to committees of Congress concerning its report and disseminating that report.

(h) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated such sums as may be necessary for the activities of the Commission. Until such time as funds are specifically appropriated for such activities, \$2,000,000 shall be available from fiscal year 2001 funds appropriated to the Treasury Department, "Departmental Offices" account, for the activities of the Commission, to remain available until expended.

**SEC. 5. TIMING OF IMPLEMENTATION.**

In order to ensure an easy transition and effective implementation, the Congress hereby declares that any new Federal tax system should be approved by Congress in its final form no later than July 4, 2004.

The **SPEAKER** pro tempore. An amendment in the nature of a substitute, consisting of the text of H.R. 4230, is adopted.

The text of the amendment in the nature of a substitute is as follows:

H.R. 4230

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Date Certain Tax Code Replacement Act".

**SEC. 2. PURPOSE.**

The purpose of this Act is to set a date certain for replacing the Internal Revenue Code of 1986 with a simple and fair alternative.

**SEC. 3. TERMINATION OF INTERNAL REVENUE CODE OF 1986.**

(a) **IN GENERAL.**—No tax shall be imposed by the Internal Revenue Code of 1986—

(1) for any taxable year beginning after December 31, 2004; and

(2) in the case of any tax not imposed on the basis of a taxable year, on any taxable event or for any period after December 31, 2004.

(b) **EXCEPTION.**—Subsection (a) shall not apply to taxes imposed by—

(1) chapter 2 of such Code (relating to tax on self-employment income);

(2) chapter 21 of such Code (relating to Federal Insurance Contributions Act); and

(3) chapter 22 of such Code (relating to Railroad Retirement Tax Act).

**SEC. 4. NATIONAL COMMISSION ON TAX REFORM AND SIMPLIFICATION.**

(a) **FINDINGS.**—The Congress finds the following:

(1) The Internal Revenue Code of 1986 is overly complex, imposes significant burdens on individuals and businesses and the economy, is extremely difficult for the Internal Revenue Service to administer, and is in need of fundamental reform and simplification.

(2) Many of the problems encountered by taxpayers in dealing with the Internal Revenue Service could be eliminated or alleviated by fundamental reform and simplification.

(3) The Federal Government's present fiscal outlook for continuing and sustained budget surpluses provides a unique oppor-

tunity for the Congress to consider measures for fundamental reform and simplification of the tax laws.

(4) Recent efforts to simplify or reform the tax laws have not been successful due in part to the difficulty of developing broad-based, nonpartisan support for proposals to make such changes.

(5) Many of the problems with the Internal Revenue Service stem from the overly complex tax code the agency is asked to administer.

(b) **ESTABLISHMENT.**—

(1) **IN GENERAL.**—To carry out the purposes of this section, there is established within the legislative branch a National Commission on Tax Reform and Simplification (in this section referred to as the "Commission").

(2) **COMPOSITION.**—The Commission shall be composed of 15 members, as follows:

(A) Three members appointed by the President, two from the executive branch of the Government and one from private life.

(B) Four members appointed by the majority leader of the Senate, one from Members of the Senate and three from private life.

(C) Two members appointed by the minority leader of the Senate, one from Members of the Senate and one from private life.

(D) Four members appointed by the Speaker of the House of Representatives, one from Members of the House and three from private life.

(E) Two members appointed by the minority leader of the House of Representatives, one from Members of the House and one from private life.

(3) **CHAIR.**—The Commission shall elect a Chair (or two Co-Chairs) from among its members.

(4) **MEETINGS, QUORUMS, VACANCIES.**—After its initial meeting, the Commission shall meet upon the call of the Chair (Co-Chairs, if elected) or a majority of its members. Nine members of the Commission shall constitute a quorum. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made. Any meeting of the Commission or any subcommittee thereof may be held in executive session to the extent that the Chair (Co-Chairs, if elected) or a majority of the members of the Commission or subcommittee determine appropriate.

(5) **CONTINUATION OF MEMBERSHIP.**—If—

(A) any individual who appointed a member to the Commission by virtue of holding a position described in paragraph (2) ceases to hold such position before the report of the Commission is submitted under subsection (g), or

(B) a member was appointed to the Commission as a Member of Congress and the member ceases to be a Member of Congress, or was appointed to the Commission because the member was not an officer or employee of any government and later becomes an officer or employee of a government, that member may continue as a member for not longer than the 30-day period beginning on the date that such individual ceases to hold such position or such member ceases to be a Member of Congress or becomes such an officer or employee, as the case may be.

(6) **APPOINTMENT; INITIAL MEETING.**—

(A) **APPOINTMENT.**—It is the sense of the Congress that members of the Commission should be appointed not more than 60 days after the date of the enactment of this Act.

(B) **INITIAL MEETING.**—If, after 60 days from the date of the enactment of this Act, eight or more members of the Commission have been appointed, members who have been appointed may meet and select the Chair (or Co-Chairs) who thereafter shall have the authority to begin the operations of the Commission, including the hiring of staff.

## (C) FUNCTIONS OF THE COMMISSION.—

(1) IN GENERAL.—The functions of the Commission shall be—

(A) to conduct, for a period of not to exceed 18 months from the date of its first meeting, the review described in paragraph (2), and

(B) to submit to the Congress a report of the results of such review, including recommendations for fundamental reform and simplification of the Internal Revenue Code of 1986, as described in subsection (g).

(2) REVIEW.—The Commission shall review—

(A) the present structure and provisions of the Internal Revenue Code of 1986, especially with respect to—

(i) its impact on the economy (including the impact on savings, capital formation and capital investment);

(ii) its impact on families and the workforce (including issues relating to distribution of tax burden);

(iii) the compliance cost to taxpayers; and

(iv) the ability of the Internal Revenue Service to administer such provisions;

(B) whether tax systems imposed under the laws of other countries could provide more efficient and fair methods of funding the revenue requirements of the government;

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

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

## (D) POWERS OF THE COMMISSION.—

(1) IN GENERAL.—The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, take such testimony, receive such evidence, and administer such oaths, as the Commission or such designated subcommittee or designated member may deem advisable.

(2) CONTRACTING.—The Commission may, to such extent and in such amounts as are provided in appropriation Acts, enter into contracts to enable the Commission to discharge its duties under this section.

## (3) ASSISTANCE FROM FEDERAL AGENCIES AND OFFICES.—

(A) INFORMATION.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the Government, as well as from any committee or other office of the legislative branch, such information, suggestions, estimates, and statistics as it requires for the purposes of its review and report. Each such department, bureau, agency, board, commission, office, establishment, instrumentality, or committee shall, to the extent not prohibited by law, furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chair (Co-Chairs, if elected).

(B) TREASURY DEPARTMENT.—The Secretary of the Treasury is authorized on a nonreimbursable basis to provide the Commission with administrative services, funds, facilities, staff, and other support services for the performance of the Commission's functions.

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

(D) JOINT COMMITTEE ON TAXATION.—The staff of the Joint Committee on Taxation is authorized on a nonreimbursable basis to provide the Commission with such legal, eco-

nomical, or policy analysis, including revenue estimates, as the Commission may request.

(E) OTHER ASSISTANCE.—In addition to the assistance set forth in subparagraphs (A), (B), (C) and (D), departments and agencies of the United States are authorized to provide to the Commission such services, funds, facilities, staff, and other support services as they may deem advisable and as may be authorized by law.

(5) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as departments and agencies of the United States.

(6) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property in carrying out its duties under this section.

## (e) STAFF OF THE COMMISSION.—

(1) IN GENERAL.—The Chair (Co-Chairs, if elected), in accordance with rules agreed upon by the Commission, may appoint and fix the compensation of a staff director and such other personnel as may be necessary to enable the Commission to carry out its functions without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III or chapter 53 of such title relating to classification and General Schedule pay rates, except that no rate of pay fixed under this subsection may exceed the equivalent of that payable to a person occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code. Any Federal Government employee may be detailed to the Commission without reimbursement from the Commission, and such detailee shall retain the rights, status, and privileges of his or her regular employment without interruption.

(2) CONSULTANT SERVICES.—The Commission is authorized to procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the daily rate paid a person occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code.

## (f) COMPENSATION AND TRAVEL EXPENSES.—

## (1) COMPENSATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each member of the Commission may be compensated at not to exceed the daily equivalent of the annual rate of basic pay in effect for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day during which that member is engaged in the actual performance of the duties of the Commission.

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

(2) TRAVEL EXPENSES.—While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

## (g) REPORT OF THE COMMISSION; TERMINATION.—

(1) REPORT.—Not later than 18 months after the date of the first meeting of the Commission, the Commission shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. The report of the Commission shall describe the results of its review (as described in subsection (c)(2)), shall make such recommendations for fundamental reform and simplification of

the Internal Revenue Code of 1986 as the Commission considers appropriate, and shall describe the expected impact of such recommendations on the economy and progressivity and general administrability of the tax laws.

## (2) TERMINATION.—

(A) IN GENERAL.—The Commission, and all the authorities of this section, shall terminate on the date which is 90 days after the date on which the report is required to be submitted under paragraph (1).

(B) CONCLUDING ACTIVITIES.—The Commission may use the 90-day period referred to in subparagraph (A) for the purposes of concluding its activities, including providing testimony to committees of Congress concerning its report and disseminating that report.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary for the activities of the Commission. Until such time as funds are specifically appropriated for such activities, \$2,000,000 shall be available from fiscal year 2001 funds appropriated to the Treasury Department, "Departmental Offices" account, for the activities of the Commission, to remain available until expended.

## SEC. 5. TIMING OF IMPLEMENTATION.

In order to ensure an easy transition and effective implementation, the Congress hereby declares that any new Federal tax system shall be approved by Congress in its final form no later than July 4, 2004. If a new Federal tax system is not so approved by July 4, 2004, then Congress shall be required to vote to reauthorize the Internal Revenue Code of 1986.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. PORTMAN) and the gentleman from Tennessee (Mr. TANNER) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. PORTMAN).

## GENERAL LEAVE

Mr. PORTMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 4199.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a week when millions of us, Americans all around this great country, are experiencing the annual confusion, the frustration, and the anxiety that comes with filling out our Federal income tax returns.

It is certainly understandable. The current income tax code and its associated regulations now contain, I am told, over 5.6 million words. I am informed that is seven times as long as the Bible, and I know it is not nearly as interesting. Taxpayers now spend 5.4 billion hours a year trying to comply with 2,500 pages of tax laws, 6,500 pages of tax rules, and millions of pages of forms.

The cost of complying with our Tax Code in this country is now believed to be well in excess of \$200 billion a year. That is about 20 percent of the revenues raised. What a waste of money. What a waste of time, of effort, of resources. What a drag on our economy.

And that does not get at the way the code taxes income and investment that hurts savings, job growth, productivity and, again, means less economic opportunity for us and for future Americans.

Mr. Speaker, 4 years ago Congress set up a commission, I cochaired it, to look into the problems that plague the Internal Revenue Service. There I learned firsthand that the problems our Tax Code causes is not just for taxpayers, but it is also for the Internal Revenue Service itself; and we cannot forget that. The complexity of our Tax Code makes the IRS bigger and more intrusive than we as taxpayers would like for it to be. The Tax Code itself makes the IRS more costly and less efficient than it should be.

In the short term, tax relief simplification of specific areas of the Tax Code can help. There are important steps we can and should take to make it fairer and less burdensome for all Americans. And Congress has already made some progress on this front. We passed tax relief so that no longer do people have to worry about capital gains tax on the sale of a primary residence. At least, almost no Americans do. Which means not only less tax but less associated record keeping; therefore a great simplification. That was good.

We did reform the IRS for the first time since 1952 to make it easier for all taxpayers to interact with this agency. But, again, we are not going to have a good IRS until we have a simpler Tax Code.

And for the first time we also here in Congress, 2 years ago, made it more difficult for us in Congress and for the administration to further complicate the code by subjecting every proposed tax law change prospectively to what is called a complexity analysis. Again, a good step forward.

But, ultimately, no amount of tinkering with the current Tax Code can solve the problem. We need to produce a Tax Code that will be fairer to all Americans. It is just too complicated now. It is too intrusive. It is too burdensome to the taxpayers of this country. That is why many of us in Congress, on both sides of this aisle, believe now we need to take the next step. We need to replace the current code with something better, something simpler, something fairer, something less intrusive for all Americans.

For the last several years, we have come to the floor, most recently 2 years ago, with a Sunset the Code bill that would eliminate the current Tax Code by a date certain and force Congress and the administration to work together to develop an appropriate alternative. The legislation before us today that my friend, the gentleman from Oklahoma (Mr. LARGENT), is again championing is called the Date Certain Tax Code Replacement Act, and it does exactly that. It sunsets the current Tax Code by December 31, 2004; and it sets in motion a specific time line and process for replacing the Tax Code.

It is an important statement, I think, to be made by this Congress, that we share the frustration all Americans have with our current Tax Code; that we think this Congress should commit itself to replace what is a broken system. But very importantly, and let me spell this out today for some of my colleagues on the other side who have misstated what is in this bill, it does not prejudice any particular kind of Tax Code. That is going to be up to this Congress to decide.

There has never been major tax reform in the country, Mr. Speaker, without the administration taking the lead. The Treasury Department is critical to it. We have seen in the last 6 years no interest on the part of the administration. In fact, we have seen a disdain for any of the major reform ideas. Therefore, we are not going to get it from the administration. We may not get it from the next administration, whether it is Republican or Democrat.

What we do put into this legislation is very important to force the administration to the table, to force Members of Congress to the table, to begin to air this issue out in public so that people around the country can hear about it. We can begin to educate people about the issue so we can come up with a better, smarter approach, and that is that in this legislation, for the first time this year, we have a concept where we create a specific mechanism for getting to a new Tax Code. It is called the Bipartisan National Commission on Tax Reform and Simplification.

This commission is modeled after the National Commission on Restructuring the IRS, which was very successful. We have also had a very successful bipartisan commission recently on Medicare reform, the Thomas Breau Commission.

Now, I know it is easy to say that commissions do not work, and I am sure they have a checkered past in this town. Some have worked and some have not. But the fact is we have proven with the IRS Commission, with the Medicare Commission, that as long as they focus on building broad-based nonpartisan support for recommendations, they can be very successful and play a very constructive role in moving the debate forward.

This commission would have 15 members: 3 appointed by the President; 4 each by the Senate majority leader and the Speaker; 2 each appointed by the House and Senate minority leaders. We do not know who is going to control the next Congress. But whoever does will have a slightly higher representation on the commission than the party in the minority. But it will be entirely bipartisan, bicameral and, again, will include the administration.

It will have a short timetable. Not years, as someone said earlier today. Read the legislation. It is 18 months. We think that is enough time, although it is a very complex and difficult task. And that will be a report to

this Congress. It will then be up to Congress to decide what to do with it. We cannot prejudge what the report will be; we cannot prejudge what the Congress will do with it. But we know it will move the process forward. It will move the ball forward to begin to come to some kind of resolution as to how we can fix, how we must fix a tax code that I think everyone in this Chamber agrees is broken.

□ 1445

Now, some of my colleagues on the other side of the aisle will argue this legislation is unnecessary, that it is just rhetoric today. I, again, would urge them to read the legislation. Because what we are voting on here today is a referendum about the status quo. If they believe in the status quo that our current Tax Code is the way to go, fine, vote no. But if they believe that all those special interests that have been tucked in over the years, if they believe it is too complex, if they believe it is too burdensome, if they believe it is intrusive, if they believe there ought to be a change, a fundamental reform, without prejudging what it will be, then they ought to support this very strong statement and this very important legislation establishing the commission that is before us today.

I want to also say that the gentleman from Oklahoma (Mr. LARGENT) has also improved his legislation by adding a provision that says that, if Congress has not acted in the next 4 years on a new Tax Code, he will vote to reauthorize the current Code. There is no uncertainty there. We are going to have the same thing we have got now unless we can come together as Republicans and Democrats and Independents through, again, a bipartisan, bicameral process to come up with something that makes sense.

If my colleagues think that our current Tax Code is broken, if they think the current system is too complicated, unfair, and intrusive, if they think the Congress and administration should be held accountable for coming up with a better system to replace it and doing it in a responsible way, then they ought to vote for this bill today. It is a good bill, it is a better bill than 2 years ago, and it is a different bill.

I urge my colleagues to take a look at the bill, and I urge all my colleagues to vote yes on H.R. 4199.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Ohio (Mr. PORTMAN), the previous speaker, is one of the brightest Members that we have in the House; and certainly it is a pleasure for me to serve with him on the Committee on Ways and Means. Some of his ideas in terms of how we could reform the tax system, to me, just makes a lot of sense.

But I know one thing that he will never, never challenge is the fact that

any political party that holds a majority by only six, whether that is a Democratic majority or Republican majority, cannot even hope to reform the tax system unless we are working together in a bipartisan way.

There is no Republican way to correct this Internal Revenue Code. I would agree with anybody who would say and there certainly is not a Democratic Party way to do it. But what the American people want is not for each one of us to be political victors. What they want is a Congress that is working to their best interests.

Can we say that this Code is working to their best interests, that this is the best we can do? I would say the answer would be no. We could do a heck of a lot better.

But one thing that we would have to start doing just for openers is to start talking with each other. Forget the mutual respect. Forget the professionalism. Let us start talking and seeing what we can do to work together.

I would think if we were talking about Social Security, if we were talking about Medicare, if we were talking about the tax system that we would have to find a way where, working together, we could come up with the right solution.

And quite frankly, in the other areas, I would think that there would be enough difference between Democrats and Republicans that we could fight the different way, different philosophical and political beliefs, so that we will always maintain the difference between Republicans and Democrats.

So I am not saying that we should all look alike. But on these important issues, it really bothers me that the chairman of the committee could schedule hearings about different alternatives to this tax system on the week the taxpayers have to file taxes.

I do not challenge the sincerity of my Republican friend on the committee or on the House leadership. But why this week? Why would we have 3 days of hearings and alternatives to this system, as burdensome as it is, when we know that the legislative calendar does not permit us to do anything, nothing?

We are going out for 2 weeks. We will be out next month for Memorial Day. Come July 4, we will be out. In August we will be out. September we have the Labor Day recess. We have to do August recess for the convention. We have to get reelected. So we are not even thinking about changing the Internal Revenue Code. So why do we sit up there for 3 days talking about it? Oh, because it is April 15, and we want to make a political statement.

Well, for 5 years, for 5 years they have enjoyed being in the majority party, the Speaker, the distinguished majority leader, the chairmanships of every committee, the chairmanship of the once awesome powerful Committee on Ways and Means. My God, in 5 years, why have we not seen a change in the Tax Code? Why do we wait 5 years to bring it up again?

As a matter of fact, just between us legislators, I weighed the Code as to how much it weighed when the Democrats were in charge; and then I weighed it just last week. My colleagues would not believe the increase in weight. My God, there is about a hundred new sections added on to the old Code. The people that make up the returns say it takes 3.5 hours more even to figure out the complexities. It is that way when they are putting in loopholes, it is more complicated.

But all I am saying is that many people ask, well, we always are complaining about the Republican majority. What the devil would we do if we ever were in charge?

Number one, we will talk to them. Number two, in any legislation, we would ask you for their ideas. Number three, we would know ahead of time if it is bipartisan, if it is not bipartisan, it is just not going to fly.

We have learned so much about how difficult it is to lead when we do not have a meaningful majority. But we hope that we will not slip into the posture that just because we cannot lead, just because we cannot legislate that we would say, let us close down the shop, let us close down the Internal Revenue Service, let us close down the tax collection business, let us really get rid of the Code and tell millions of American businessmen and small businessmen, we cannot tell them right now what we are going to replace it with. All we can tell them is that we are mandated that we must come up with something.

The gentleman from Ohio (Mr. PORTMAN) has the unique idea that, even if the Congress cannot come up with something, let us get a commission to come up with something. In other words, some Member was being very, very critical in the Committee on Ways and Means before I came to the floor and said that we were trying to hold on to our jurisdiction.

Well, do my colleagues know something? He is right. Because it is the only committee that is there in the Constitution saying that the Committee on Ways and Means shall provide the ways and means for the United States Government to operate.

But, then again, they may want to change the Constitution. But I hope we do not change it to set up for a commission for ways and means. Because then I see a commission for an appropriation, a commission for commerce, a commission for education, and one day we will wake up and we will find out that there is really no need for the U.S. House of Representatives as we know it.

And so, I would suggest this: There is nothing wrong with commissions, but there is something wrong when we refuse to assume our responsibility to do what? To legislate. It is not just to criticize against this Code that most Americans are annoyed with this week. It is not enough to say get rid of it in the year 2004.

What is important to do is to have hearings, to have meetings and to legislate, to educate the American people as to that we can do a better job and to have the political courage and the guts to come down here and to vote for something instead of just cursing the doctors.

Mr. Speaker, I reserve the balance of my time.

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first I would like to just say to my friend the gentleman from New York (Mr. RANGEL) that there were some implicit endorsements of the concept behind the commission and even though at the end there seem to be less than great enthusiasm for it, which is that this would be a bipartisan exercise, it would report back to Congress and would then allow the Committee on Ways and Means to do its work with better information, more public education, and all the other things.

Mr. RANGEL. Mr. Speaker, will the gentleman yield?

Mr. PORTMAN. I yield to the gentleman from New York.

Mr. RANGEL. Mr. Speaker, there is no question that the Congress, if we assume this awesome responsibility to produce a better Internal Revenue Code, would need outside help. But to abolish the existing system before we do that is where the gentleman from Ohio (Mr. PORTMAN) and I differ.

Mr. PORTMAN. Mr. Speaker, reclaiming my time, I would just say that if the gentleman from New York (Mr. RANGEL) looks at the legislation, what is nice about it is that we do not sunset the Code prior to the commission. In fact, the commission is only 18 months and then we have another couple of years for the Committee on Ways and Means, regardless of who is chairman, to do its work.

Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma (Mr. LARGENT) about whom I spoke a moment ago and who is the author of this much needed legislation, and I ask unanimous consent that he be permitted to control the time for the majority.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LARGENT. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. ARMEY) the majority leader.

Mr. ARMEY. Mr. Speaker, I thank the gentleman from Oklahoma (Mr. LARGENT) for yielding me the time, and I thank him for bringing this legislation to the floor.

Mr. Speaker, we have heard a great deal today about people who are willing to work with us on the Tax Code and to fix the horrifying inequities that we find in the Tax Code that are so bothersome to the American people.

I have been gratified to hear these expressions of commitment from both sides of the aisle, and I have been particularly gratified to hear the number

of Democrats who have spoken so eloquently today for the need to avoid discriminatory taxation on the Internet.

I must say, I certainly agree with them on that; and I am looking forward, then, to counting on their vote when we bring a moratorium on discriminatory taxation on the Internet to the floor later this year.

But for the business at hand today, Mr. Speaker, we are again demonstrating to the American people that we are on the side of Mr. and Mrs. America. When they tell us that the extraordinary taxation and punitive provisions called the earnings limitation on senior citizens is unfair because it denies them the benefits they paid in all their lives, we agree. We passed the law, and the President signed it just last week.

When we observe that we must eliminate the marriage penalty because it is unfair to tax people who want to get married, the American people have agreed. We passed it through the House. They will pass it through the Senate. And I am sure the President will sign that into law.

And when we all agree, as we do, that it is unfair to tax people's estate when they die and, therefore, commit to eliminating the death tax because it is unfair to deny the children the legacy of their parents, I am sure we will pass that and it will be passed into law.

Today we are saying, indeed, the entire Tax Code as we know it in America is today unfair because it drives the American people crazy with frustration and despair. Two hundred billion dollars, more man-hours than is spent on the production of every car, truck, and van produced in the United States, is devoted to just complying with this awful red tape nightmare called the Tax Code.

The gentleman from Oklahoma (Mr. LARGENT) says let us get rid of it, let us make a pledge, a commitment amongst ourselves today to be done with it, to scrap this Code, sunset this Code, have it out of our lives once and for all. I cannot tell my colleagues, Mr. Speaker, how near universal agreement there is among the American people with the need to do that.

Ah, but the nay sayers arise, we cannot do that unless we know perfectly well today down to the last jot and tittle what will be in the next Code. There is no plan to replace this Code, they say, Mr. Speaker.

Let me say there is a plan. There are at least three plans that I know of, all well-conceived, all very deeply well worked on, all very well publicized. It is not for me to describe all three, Mr. Speaker, but let me remind my colleagues about the first best plan to replace this awful nightmare.

It is the flat tax, first conceived in 1984 by Professors Hall and Rabushka at the distinguished Hoover Institute in California, later revived in 1994 by myself.

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It does exist. It has been worked on in great detail. It has been examined,

criticized, reexamined, refined. Mr. Speaker, for any of our colleagues that are unaware of this work, let me just say to my colleagues, while they have heretofore been given a free copy of my book *The Flat Tax*, should they have lost that or should it have been absconded with by one of their staff, let me remind them that today, even today, they can look it up on the Internet, [flattax.house.gov](http://flattax.house.gov), or even better, they could buy and read my book, in which case we could both profit.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Tennessee (Mr. TANNER), a member of the committee.

Mr. TANNER. Mr. Speaker, I would encourage the majority leader to bring his bill up here and let us vote on it if it is that good. The gentleman from Ohio (Mr. PORTMAN) has worked well with us on the committee. I do not have any quarrel with the criticism of the present system. But when Mr. Churchill one time was asked how was his wife, his response was, "Compared to what?" We do not have the "what" here.

If my colleagues want to seriously work on tax reform and the code, I think they will find many Members over here ready, willing and able to pitch in. But to go about this matter scrapping something is like a businessperson saying, Look, we don't like your sales or distribution system that gives your company the revenue with which you do business; we're going to scrap that on a date certain in 2 years, and we'll have the board of directors figure out what we're going to replace it with.

Nobody would do that in the real world. Not one single person that I know of would say, We don't know what we're going to do. We're going to do something, hopefully. What if we cannot get a consensus on the flat tax? The gentleman from Georgia (Mr. LINDER), who spoke earlier, has a bill, a sales tax. What if the Congress in that day cannot come up with a consensus? What are we going to do, have a continuing resolution on the code? That will make a lot of sense to Wall Street.

I tell my colleagues as earnestly as I know how, if this bill were serious and was going to be signed, the uncertainty that it would immediately inject into Wall Street, in the markets, into all the countries around the world that rely on the bedrock of the international financial currency, the United States dollar, the consequences of this could be devastating.

I do not quarrel with bashing the code. That is an easy one. I do not know anybody that thinks this is the best work product imaginable. But I do say this: the way to fix it is to come on down to the committee and let us vote on the flat tax, a sales tax or let us schedule bills for hearing, votes and reported out to the floor and then we will see if we can get a consensus. That is how we do as a steward, I think, of this Nation. That is how we do business. I

know this will probably pass, but I hope we will think about what we are doing and what kind of signal we are sending. I do not think it is one that is very responsible.

Mr. LARGENT. Mr. Speaker, borrowing on the gentleman's word picture, if we are comparing the tax code to a wife, what we are saying on this side is this wife is so ugly that we know we can do better. With that, I yield 2 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I guess I have to say I do not want to associate myself with those remarks; however, I did want to rise in strong support of this legislation and thank my colleagues for bringing it to the floor. I guess I am saying with a sigh of relief that at last we are making progress. I am not being facetious, because I think this is very serious business. I have personally, as many of my colleagues know, for several years been urging our Republican leadership and the tax committee to make major tax reform job number one. At last we are here. This is an excellent means of doing that. We are on a substantial route to getting there in real terms.

Let us try to get beyond the political rhetoric of this debate, and let us focus on the substance of this bill. The bill calls for an enactment of a new Tax Code by 2004. In order to provide a solid basis for congressional debate, the bill establishes a commission on tax reform and simplification. The commission would completely analyze the current tax law, especially with respect to the code's impact on the economy, savings, capital formation and capital investment, and its impact on families and the workplace. That is in the body of the orders to the commission. The commission would also explore, as has been already mentioned, alternative methods of taxation.

In the past, everyone knows that I have had deep concerns about scrapping the Tax Code without a new structure in its place. I said frankly at the time that it seemed reckless and it was more like show business. But this is real business. This legislation pushes the tax reform debate ahead in a responsible, rational way while setting the stage for common sense transition to a fairer, flatter, and simpler tax code. We need this bill. I urge my colleagues to vote for it. This is job number one for the Congress.

Mr. RANGEL. Mr. Speaker, I yield 3½ minutes to the gentleman from Baltimore, Maryland (Mr. CARDIN), a member of the committee.

Mr. CARDIN. Let me thank my friend from New York for yielding me this time.

Mr. Speaker, we should not be talking about a sunset today. We should be talking about a sunrise, a sunrise for tax reform. I am very disappointed that we do not have legislation on the

floor that would talk about tax reform because we do need tax reform. What this legislation represents is a failure, a failure by this body to take up tax reform, a signal that we will not deal with it in this Congress, the third consecutive Congress under the control of the Republicans in which they have not brought tax reform to the floor of this House.

If my colleagues are looking for agreement on both sides of the aisle, we agree that the current income tax code is too complicated. So what do we do about it during these past 3 terms? Add another 100 sections and make it more complicated? Make it more difficult for our constituents to understand how to file their tax returns? That is not tax reform. Those actions became law. If my colleagues want agreement on both sides of the aisle that we should have less income taxes, they will get that agreement. Let us bring forward bills that do it.

I strongly support the expansion of the earned income tax credit. That has helped many taxpayers get the relief that they need. But we sometimes find that on the other side of the aisle, they fight us on that type of legislation. Or targeted relief that would let less people need to file income tax returns in our country. But no, they do not seem to want to do it that way. So why not work together on tax reform so that we can really get something done in this Congress rather than having a tool that is just basically used for the 30-second commercial. That does not befit this body.

And the tragedy is that if this legislation were to become law, what would be the consequences? The first thing is, we would not know what the tax revenue system of this country would be. What advice would my colleagues give to their constituents, their young married couple who wants to purchase a home but needs to know the tax consequences of that home purchase in order to make sure that their budget makes sense to buy that home? What will they tell them when there is no Tax Code in place and we have not quite figured out what the revenue code will be for our country? The uncertainty will be very damaging to American families.

That is not what we should be doing. And then what Tax Code will we put into effect? I know there has been a lot of debate about this. Quite frankly I have a good tax plan that I would like to be able to talk about, and if we bring a bill to the floor, I will certainly be offering an alternative or amendments to that tax bill. But the reason why we use the retail sales tax is because that is the one I think our constituents understand the best, to allow us some ability to compare between one tax code and the other. If we translate what the repeal of all income taxes is on a retail sales tax, that is 59.5 percent added to the price of all goods, all services. That is not my estimate, that is the Joint Tax Committee's estimate.

I do not want to be responsible for increasing prescription drugs and increasing Internet service and increasing clothing and increasing food by that type of price. That is not good for our economy. Let us think about what we are doing, let us work together, let us work on tax reform and not on a bill that will have no impact on real tax reform.

Mr. LARGENT. Mr. Speaker, I yield 3½ minutes to the gentleman from Ohio (Mr. KASICH).

Mr. KASICH. Mr. Speaker, the gentleman from Oklahoma deserves a large amount of credit. Let me say that to me there is not any question this ought to be a bipartisan vote. I will tell my colleagues why. The Tax Code should be put in place that enables the Government to collect revenue but at the same time fosters economic growth, does not impede economic growth. Frankly, the ability to abolish this code after having served in this House for 18 years, if we do not do something dramatic around here, we are going to be talking about this until doomsday, or when people at our town hall meetings start heating up the tar, because people are fed up with this Tax Code, and they are fed up with it not just because it is complicated but frankly that it does keep us from realizing the kind of complete economic growth that brings more to every family.

Now, here we are in the 21st century with a Tax Code that is not encouraging higher savings, and if there is anything we know we need to do in America it is to encourage a higher savings rate. We know we need to have a higher investment rate. We want people to take their money and to risk it in enterprising ideas that can improve the lives of people not just in America but around the world. That gives us increased productivity, more for families.

We want to have a Tax Code that provides a higher reward for people who risk-take. If we punish people when they are successful, then they are going to stop taking risks. They are going to sit on their money. Frankly, the hallmark of a new Tax Code in the 21st century is one that fosters higher savings, higher investment, and produces higher reward for risk-taking.

What we have in the 21st century now is a Tax Code that works an awful lot like putting a Volkswagen engine in a Jaguar. The fact is the 21st century is about speed, not about strength. It is about the power of knowledge, not the power of toil. It is about the entrepreneurship which rewards individual efforts and achievement. And the fact is the Tax Code is not aligned with the rest of this economy. If we want to have a sleek sports car that can run around that track at Indianapolis and set economic records for the American people, then it must have an engine that empowers that car to travel at the speed of knowledge and the speed of entrepreneurship.

Mr. Madison in the Federalist Paper 41 says that a country that is not capable of changing the way in which it collects revenues to match its economy is a country that will not continue to be prosperous and to advance. That was a warning to us in the 21st century. We talked today about taxing the Internet. The fact is that we have a parallel universe right now that allows us to take advantage of the power of ideas and knowledge. It is ridiculous to try to saddle the new economy with an old tax scheme.

Mr. Speaker, this is a great opportunity to say to the American people, we are going to throw it out. If we cannot devise a better system, we will put it back in. But the fact is we will devise a better system because we know the Jaguar needs a modern engine, not an old engine; and we want to make sure that the American people have the tools they need to drive this economy like it has never been seen before. If we do not do it, we will pay a price economically. If we do do it, there ain't no stopping the United States of America and the free market.

□ 1515

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. KLECZKA).

Mr. KLECZKA. Mr. Speaker, I thank the gentleman from New York for yielding me time.

Mr. Speaker, I agree with everything the gentleman from Ohio (Mr. KASICH) has just said. We have to rethink, relook and revise our current Tax Code. But we have not done that yet. And for us to put the cart before the horse, to repeal the current code before we have an agreement on that new code, is not only irresponsible, but I would reterm this legislation as a pig in a poke, because we do not know what is going to be the replacement code.

All week long before the Committee on Ways and Means, we have had hearings on three different types of alternatives to the current code, and the more questions we asked about the alternatives, the more questions went unanswered.

The most popular was the one introduced by the gentleman from Georgia (Mr. LINDER). He is touting this as a national sales tax, and the rate he pegged within the committee was 23 percent. Upon questioning, we found out that it is not 23 percent, it was almost 30 percent, on every good and service produced in this country, prescription drugs, funeral services, everything. We talked to the Joint Committee on Taxation, which is a scientific committee, to give us expertise. They said that national sales tax, to be revenue neutral, would have to be a 59 percent rate. Is that what you are going to replace the current code with?

Interesting, I asked the gentleman a question. I said, Mr. LINDER, would the national sales tax apply to wages for municipal employees? He said, Oh, no,

no, no, no. Then one of his staff persons poked him on the back and said, it is in the bill. It is in the bill. So the authors do not even know what their proposal is.

As the questioning developed, your municipality would have to pay the Federal Government 30 percent of their municipal wage base, because it is a service. And where would your municipalities get the money from? They would radically increase the property tax. In the City of Milwaukee, that would be a very, very bad mistake, because property taxes are relatively high.

So that is a half-baked idea. So my friend, we are not ready to go yet. I agree with one part of the bill of the gentleman from Oklahoma (Mr. LARGENT), and that is the commission. We have had hearings, we have had experts come in all week. Have the commission work with us on something, and then we will come to the floor with a consensus change and then repeal the current Tax Code. Not repeal first. That is irresponsible.

The gentleman talked about the atomic bomb and how we dropped it on Japan and it ended the war. But what the gentleman's bill would do would drop the atomic bomb on us. That is silly.

Mr. LARGENT. Mr. Speaker, what is silly is to continue this current system.

Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. WAMP).

Mr. WAMP. Mr. Speaker, I thank the gentleman for his leadership on this issue.

I certainly believe, Mr. Speaker, if the economy either turns down or experiences some restrictions, that the American people will be heard demanding change, because I still hear it a lot, frustration with this current Tax Code, people who are both paying too much in taxes and also experiencing too much red tape with this Tax Code, spending too much of their time wrestling with this Tax Code.

I really believe as the economy goes through its normal cycles and turns down, we will hear loud and clear that this is one of those issues that the American people demand change on, is a simpler, more fair tax system.

Frankly, welfare laws changed, not because of Republicans or Democrats, but because the American people demanded it. The budget is balanced not really because Republicans or Democrats, but because the American people demanded it. The American people are going to be demanding a more simple and fair Tax Code. I think ultimately those that come today against this legislation will support it, because the American people will demand it.

I would love to see our campaign finance laws change, but until the American people get more engaged, the folks up here are not going to change it. The American people need to lead this. We have presidential candidates now espousing certain philosophies. They

need to be telling the American people what kind of Tax Code they will sign into law and, therefore, we need to take this action so that we have some limits, we have a firewall. We say we are going to do this, we have plenty of time, 4 years. The gentleman is being very reasonable setting up a time frame so that we can make these plans and get the presidential candidates to say yes, I will sign this.

We have at least three options: Either keep the current system; single rate income tax with fewer deductions; or wipe out the income tax and replace it with a national sales tax. Let the debate begin. Let the candidates for President, for Congress, declare what will you have, what will you sign, what will you agree to. The American people need a simpler Tax Code, they need lower taxes, they need less interference from the Federal Government, so that free enterprise system can continue to carry the world economy.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana (Mr. JEFFERSON), a member of the Committee on Ways and Means.

Mr. JEFFERSON. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I do not understand what the disagreements are about here. In fact, there is so much agreement between their side and our side, I think we can close this debate out right now and say we all agree that our Tax Code is too complex, that it is too burdensome, that it is too hard to fill out the tax forms, and it does not work for a modern economy. We all agree with that.

The question is whether we are just going to talk today and come back again with sound and fury, which in the end will actually signify nothing. We need a replacement vehicle for our Tax Code. On that we all agree. And if it were true that this bill provided that, that would be good news for all Americans. We could all come and cheer, Democrats and Republicans alike. But sadly, it is not true, Mr. Speaker. The truth is we are no closer to eliminating the Tax Code today than we were when we started out talking about this because we have no replacement vehicle.

This business about putting a Volkswagen engine into a Jaguar, we would have the Jaguar first to put the engine in. We do not have the Jaguar to even talk about putting a Volkswagen engine in it. We do not have the replacement. Democrats know it, the Republicans know it, and it is really time now we make sure all of the American people know it to.

Democrats and Republicans both agree the Tax Code is too complex, that our current tax filings are too burdensome. So why can we not stop this political charade and get down to serious bipartisan tax reform. This bill is an invitation to put the ball on tax reform, rather than to tackle it. It amounts to throwing up our hands and

giving it to a commission, handing it over to a commission, admitting to the American people who hired us that we cannot do the job.

Five years ago the gentleman from Texas (Mr. ARCHER), my good friend and our distinguished chairman, promised to abolish the Tax Code and replace it with a better system. I and many of my Democratic colleagues on the Committee on Ways and Means applauded this goal and expressed our willingness to work together to achieve meaningful tax reform.

But instead of working together to reform our Nation's ailing tax system, to make it more simple and fair and efficient, my Republican colleagues have repeatedly introduced ridiculous legislation to eliminate the code, without offering any credible alternative system.

Telling the American people you are going to eliminate the Tax Code is sure to score political points. However, we all know that nothing can be done here without a system to replace it, and, as speakers before me have said, that will destroy our economy. No lesser expert than Chairman Greenspan, the number one authority on our economy, has said so.

So have my Republican friends forgotten that our duty as members of the Committee on Ways and Means is to develop tax policy and not to advance campaign politics? It is time for us to tell the American people the truth. We cannot abolish the tax system unless we develop another means of funding the government.

Mr. Speaker, I urge my Republican colleagues to replace irrationality with reason, to replace emotions with practicality, and to replace politics with sound policy. Support motion to recommit H.R. 4199 to be offered by the gentleman from New York (Mr. RANGEL) with instructions to require Congress to enact comprehensive tax reform of the Tax Code prior to the July 4, 2004, sunset date. The American people deserve true tax reform, and not just political rhetoric.

Mr. LARGENT. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. CAMP)

Mr. CAMP. Mr. Speaker, I thank the gentleman for yielding me time. I want to commend the gentleman for his leadership on this important issue.

Mr. Speaker, we do agree that the Tax Code is complex and burdensome. I am sure these statistics have been cited before, but the IRS laws and regulations are currently 17,000 pages, more than 5½ million words. The complexity and difficulty of filling out the tax forms each year get worse and worse.

What this legislation will do is it will sunset the Tax Code in 4 years. Also what this legislation does is it creates a commission, and I want to commend also the gentleman from Ohio, Mr. PORTMAN, for his leadership not on a commission that helped us restructure



the IRS, but also a commission contained within this bill which will help us replace our current income tax code.

This bipartisan commission is modeled on the IRS commission that was successful in 1996 and 1997. This will have 15 members appointed by the President, the Senate majority leader, the Speaker, and two appointed by the House and Senate minority leaders. It will have a short timetable. This commission will have to act within 18 months. If we do not, what is also in this legislation, which is new this time around, we will have to reauthorize it by 2004 if we do not adopt a new system of taxation. I think it is important we repeal the complex and difficult code. Any of these efforts are in the right direction.

I want to commend the gentleman from Oklahoma (Mr. LARGENT) and also the gentleman from Ohio (Mr. PORTMAN) for helping make this a reality.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. BECERRA), a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank my friend from New York for yielding me time.

Mr. Speaker, for 5 years we have heard the majority talk about changing the Tax Code and giving us something that is better. No one disagrees with that. All of us are here ready and prepared to discuss that. But now, for the last 5 years that we have been discussing it, nothing has been done. We have a bill on the floor that would say in about 4 years, let us get rid of the Tax Code we have, and who knows what we will replace it with?

Now, if we are brought up here to be responsible, here to Washington, D.C., then let us give the American people some sense of where we will go. If we cannot do that, then the frustration the American people have expressed with our Tax Code will just grow and grow and grow. Yes, they are all fed up with this current Tax Code. Rather than become more simple, it has become more complex over these last 5 years. What is to make it less complex over the next 4 years as we get ready to scrap it? All we are going to get ready to do is create chaos.

If you are an American and you are thinking of buying a home right now, what do you do? Do you buy right now, or wait 4 years from now? Because if we go with one of the ideas out there that we have a national sales tax replace our code where you would not have any more mortgage interest deductions and not be able to deduct the property taxes you pay on that home, should someone buy now, or wait 4 years? Because if you waited 4 years and there is a national sales tax, if you buy a \$200,000 home and the sales tax is 30 percent, then you are paying 30 percent tax on that \$200,000 purchase. Do you buy now or buy later?

What if you are someone who is planning for a funeral for an elderly par-

ent? Do you buy your plot now for your parent, or later? Because if you have a national sales tax, you will pay 30 percent on the purchase of that plot or for that coffin.

Or what if you are elderly on a fixed income? What do you do about prescription drug coverage? Do you plan now to buy a whole bunch of drugs now, or wait until that sales tax kicks in at 30 percent? And the Joint Committee on Taxation, our Joint Committee on Taxation, which is to advise us on taxes, tells us that would probably be higher, about 50 to 60 percent. Do you buy drugs now, or wait?

This is sheer chaos. The only thing certain about this particular act is the date it would be enacted. But there is no certainty as to what we do with Americans and the taxes. What does the market do? How do we invest? Are we going to be able to have our monies invested in Roth IRAs, or will those be eliminated, so no longer can we put money in the investment accounts and say in the future we will not pay interest on them? What do we do? What is an investor to tell any American that is trying to save money? We have to give the American people some sense of what is going on. We have had 5 years of discussions, and we have not come up with anything.

So, yes, let us reform the code. Let us make it simpler. Let us make it so everyone believes it is fair. But let us give the American people some sense of where we are going. Let us not do anything that makes it less certain. The only thing certain about this bill is it makes it clear what date this is. This is an election year.

Mr. LARGENT. Mr. Speaker, I would just point out that the previous speaker makes our point perfectly. The Tax Code controls whether we buy prescription drugs, houses, whether we save, whether we even invest, and that is not right.

Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. DEMINT).

Mr. DEMINT. Mr. Speaker, this has been helpful, because it seems that we all agree that Americans deserve a fair and simple Tax Code that takes only the amount of their money that is needed to run a limited and efficient government.

□ 1530

We all seem to agree also that our current Tax Code does not meet this test, because it not only takes too much of our money, it controls a large part of our lives. Not only does it take over 5 billion hours of our time every year and billions of dollars of our money, it controls many of the decisions in our personal lives about our savings, about our investment, about our retirement. Even how we die is decided by the Tax Code.

In our businesses, when we decide whether to hire workers or contract that work out, or to buy or lease something, or to merge or to grow a busi-

ness, just about everything we do in this country in some way is related to trying to manipulate a Tax Code that is so complex that even the experts cannot understand it.

The only question today, the only question is, do we have the courage to set a deadline to change it; do we have the courage to give the American people a commitment, rather than 5 more years of talk? We have proven we will not do it without a deadline.

It is not irresponsible to set a deadline, it is irresponsible to continue to give the American people talk without a deadline.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

I am certain that the gentleman who just spoke did not mean that for the last 5 years that all we got from the Republican leadership is talk, but if he does, then we cannot have any guarantee. If things remain the same, then it would be an additional 5 years of talk.

Why do we not produce first, and then we will be in a position really to put in something, rather than just be against something.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, having authored the Texas Sunset Act during my service as a Texas State Senator, I believe there is merit in the sunset process. That Texas law limits the life of every State agency, and I am working with a bipartisan coalition here in Congress to apply the same concept to limit the life and require sunset of each of our Federal agencies.

Certainly our Tax Code could have a similar concept applied to it if done in the appropriate way. This Tax Code is overflowing with loopholes, it is permissive toward abusive corporate tax shelters, it is not fair to middle class taxpayers.

Under this Republican congressional leadership, it has only gotten worse. The Tax Code has gotten bigger, it has gotten more inequitable, it has been filled with more special interest provisions. We can all certainly remember the effort of the Republican House leadership to sneak through here a \$50 billion tax credit for the tobacco industry hidden in a small business tax bill.

But the sunset process has to be applied in a systematic way, not as a political polemic. If we look at related provisions of the Tax Code together, we do not abolish the entire code without anything to replace it.

We all know how skilled our Republican colleagues are at railing against taxes. We have heard from them over and over all the taxes they do not like and all the reasons they do not like those taxes. But they seem to lose their ability to speak when it is time to talk about what tax system they would substitute. They are so very skilled about complaining about the tax system, but they lack skill in being able to offer a more fair and equitable system. After 5½ years, they have

given us hearings and they have given us speeches, but they have given us no real alternative.

This week, however, we learned what they have in mind if this country has the misfortune of having to endure another 2 years of a Republican Congress.

The gentleman from Ohio (Mr. KASICH) told us he did not want to saddle our new economy with an old tax system, but this week we learned they have a new tax for the new economy, a 60 percent tax on every online purchase.

They claim that they are still revolutionaries. If they want a real tax rebellion in this country, tell Americans that they are going to have to pay 60 percent on every online purchase and there will be an uproar.

That is the wrong system. That is what this is all about: enabling the Republicans to put in place a new tax on e-commerce. It is wrong and it ought to be rejected.

Mr. LARGENT. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I want to say that I agree with both the Democratic side and the Republican side, this is an issue of great importance to the American people. It is not a Democrat or Republican issue, it is a people's issue. We are the people's House. We are elected by the people to come up here and make the decisions for them that hopefully will be the best decisions.

I want to say, because I have great respect for the gentleman from New York (Mr. RANGEL), as I do the gentleman from Texas (Chairman ARCHER), they are two men I really do have great respect for, but I think about the fact that prior to 1995, and I was not here, let me say that, but I do not remember reading in the paper where there was any debate on the floor of the House to even give tax relief, because I believe when we passed the tax relief bill in 1997 we were the first Congress in 16 years to give the American people tax relief.

I realize today we are talking about simplifying the Tax Code. I want to compliment my friend, the gentleman from Oklahoma, because truthfully, yes, maybe we have been talking about this for 5 years, but the thing that is important, we are talking about it. Now we need to do something about it. If this effort by the gentleman from Oklahoma (Mr. LARGENT) will help us move further down the field, so to speak, so that we will reach the goalpost and we will change this tax system, that is what all this is about.

I do hope, I will say, quite frankly, in my town meetings, because in Eastern North Carolina, the biggest concern from the people that I have the privilege to represent, when I am in these town meetings what they say to me, is, Walter, go back is to Washington, get your colleagues on both sides of the po-

litical aisles to do something about this Tax Code, because it is out of control.

My own CPA, who is very qualified, tells me every year that I do my taxes, Walter, you all have to do something about this Tax Code. It is overburdening and it needs to be simplified.

Mr. Speaker, I hope today, truthfully, as we cast our votes this afternoon, that even though this is not perfect, this is the start that we need I think to force the Congress in the future to do something about this tax system and to make it simpler.

Quite frankly, I have written to Governor George Bush and I will encourage AL GORE to please do something to help the American people and simplify this tax system, and to debate the issue this fall.

Mr. LARGENT. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. HALL).

Mr. HALL of Texas. Mr. Speaker, I thank the gentleman for yielding time to me. I am honored to be here. I had with me just a few moments ago a couple of little exhibits I was going to take with me to the podium, but they had to go back to the gallery to their mother. They are from my home county, 4 years old and 6 years old. It is really for youngsters like them that we need to really look at this Code.

I think they would tell me, if they could understand, that they need a date certain Tax Code for this House to do something. That is not putting them under the gun too much. I will tell Members what it does, it tells us that we need to go out and come in again with a Code. The sensible part of it is that we are not going out before we come in.

The provisions are that we have to come in with a bill, a sensible bill to take the place of the Code before the Code goes out. I really do not see anything pressing about that. It simply says to us, get about your work now, and do not wait until the last day and rush in there and try to get it done.

I think it also knocks out estate tax, capital gains taxes, a lot of things that a lot of people want to knock out, but they are waiting to put it with something that is more desperate or tougher to pass. We will get a chance to get rid of those two things now, too.

A lot of us have signed onto one or both of the bills. I do not care what bill comes down the line, I think I am a co-author on it. We need a change. That is not to say that everything about the present Code is bad or everybody that works for the IRS is bad. There are a lot of good people with the Treasury Department, and a lot of them are embarrassed about the actions of some in the Treasury Department.

I would just say, we need to go out and come back in again. When I say go out, I am talking about go out into the countryside, go out into the district, talk to Republicans, Democrats, talk to anyone in any occupation and ask them, would you like to have a new

Tax Code? Do you like the Tax Code you are operating under?

I think that little 2-year-old and little 4-year-old and 6-year-old that were here that I was going to use as exhibits, I think they would tell us 10 out of 10, yes, we need a new Code. That Code was brought in when our grandfather was not even born. We need a new Code.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, I thank the gentleman from New York for yielding time to me.

Mr. Speaker, it is interesting to come to Washington and hear a sales tax is going to be the tax panacea and give us fairness and simplicity. Because before I came here, I spent 6 years running the largest sales tax agency in the country. Let me tell the Members, sales tax laws have the same kind of special interest provisions that we come across in the Internal Revenue Code.

Sales tax laws can affect what we do and what our behavior is, and let me give one example. We would need a 60 percent sales tax rate in order to replace existing Federal taxes. There is much debate on the floor today as to whether that rate would apply to those purchases made over the Internet. Who is going to buy a sweater or a television set at the local mall if it is 60 percent cheaper online? So we may have a sales tax code designed to take the Federal government out of involvement in private decisions leading to closing every mall in America. That is a significant private effect.

Finally, we are told that the sales tax, the national sales tax, would be fair. What is fair about a law that says that Steve Forbes can go make a \$10 million profit, invest it all in a villa on the Italian Riviera, and not pay a single penny in American taxes?

Mr. Speaker, this bill pretends to impose a deadline, but it is really just a show line, because in Washington whenever we do not want to do anything at all, we appoint a commission. The commission will come back in several years, tell us what we already know, that it would take a 60 percent sales tax rate to replace existing taxes, and then that commission's report would be thrown away and the existing code would be reenacted.

Let us have real reform, Code section by Code section.

Mr. LARGENT. Mr. Speaker, I reserve the balance of my time to close.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I think the discussion has been good and healthy, especially during this time of the year, when American taxpayers recognize the complexity of the Code.

One of the previous speakers from the other side said for the last 5 years all we have done is talk about changing the Code. I would like to believe that if they are in the majority and in charge

of the tax-writing committee, that instead of talking about changing the Code, they would have changed the Code, if they had the votes to do it.

On the other hand, I think the most frightening thing about this argument is what do we replace it with. No matter how much we complain about the complexity and the unfairness and the inequity of the Code, I do not think that any American would support just changing the Code until they fully understood what impact the new Code would have on them in their lives. We have not the faintest idea as to what we would replace it with.

The best idea, in my opinion, that came from the other side as to what we would replace the Code with, it would be with a 15-person commission, taking it out of the hands of the Congress, having four Members appointed from the Congress and the rest of them private citizens, to come back to the Congress to tell the American people what the new Code should be. I do not think that is right. Commissioners do not get elected, we do.

It is no profile in courage on the eve of tax payment day to come here and talk about they do not like the Code. No one likes the Code in its present form. What does take courage is to say that, I am in the majority, we are proud of it, we are doing something about it, here is the new Internal Revenue Code. We ask Americans to come forward and to vote for it.

□ 1545

Now we are saying let us sunset what we are talking about. Well, at the appropriate time, what I hope to do is to say that if we do have this new code, maybe in the motion to recommit we might be willing to consider just a question of making the code equitable, making it fair, making certain we do not tax prescription drugs, that we do not hurt people in terms of the deduction of mortgage interest. At least send some signal as to what is being talked about.

There are a half a dozen bills over there. The commission has not even gotten up to what my dear friend, the gentleman from Ohio (Mr. PORTMAN), is talking about. We do not know who is going to be on that commission, and I think that is going to be very, very important before we determine what we are doing. So I hope that we turn down this offer and support the motion to recommit.

Mr. Speaker, I yield back the balance of my time.

Mr. LARGENT. Mr. Speaker, I yield myself the remaining time to close.

Mr. Speaker, this has been a great debate, as my friend, the gentleman from New York (Mr. RANGEL), has said. It is an important debate. This is a good time to have this debate. Many taxpayers are filing their tax returns as we speak. We have heard the numbers, 5.4 billion hours that we spend doing tax returns. That would cost somewhere around \$225 billion wasted to file those tax returns.

If someone calls the IRS and they ask them a question about their tax returns, statistics show 47 percent of the time the IRS gets the answer wrong. If one fills in the blank with the answer the IRS gives them, they punish that person; they can give them a penalty and charge them interest for taxes they did not pay.

Here is a 1040-EZ form, the easiest way to file a tax return in this country. Along with it, a 32-page document explaining how to file the 1040-EZ form.

Here is an article from the Wall Street Journal, three organizations which will urge Congress later this week to simplify the tax laws. Want to know who those groups are? The American Bar Association Tax Section; the American Institute of Certified Public Accountants, Tax Division; and the Tax Executives Institute. The experts are saying, please, simplify the Tax Code.

The experts do not understand the Tax Code. How can the American people understand the Tax Code?

If anyone has listened to this debate for the last couple of hours, what they will understand is nobody is defending the current code. The left is not defending the current Tax Code. The right is not defending the current Tax Code. No one is.

In fact, one of my personal heroes talking about replacing the Tax Code says the American taxpayers deserve better than they got on tax reform. We have an outdated, complicated, unfair system that should be abolished so that we can start over. Decades of toying and tinkering at the margins have only made problems worse, and I conclude that there is only one way to fix anything and that is to replace everything, to overhaul the entire system from top to bottom. Our Tax Code has become a dense fog of incentives and inducements and penalties that distort the most basic economic decisions, constrain the free market and make it hard for Americans to run their lives. The current system is indefensible.

The speaker of those quotes: The gentleman from Missouri (Mr. GEPHARDT), the distinguished minority leader.

So with all of those people saying the Tax Code is bad and we need to replace it, why has it not been replaced?

I will freely acknowledge and confess to my friend, the gentleman from New York (Mr. RANGEL), Republicans have been in the majority for 5½ years. We have not done anything about it. We have not gotten rid of the Tax Code. We have made it worse, as he said. It has gotten heavier, more complex, with Republicans in control. What he did not say was we have been in control for 5½ years, but the Democrats were in control for 40 years and they had the same problem.

It is endemic to Democrats. It is endemic to Republicans. We have the same problem. Why are we not doing something about it? It is because we do not have to. What this bill is about is saying to Congress, what Congress so

freely says to the rest of the Americans on every bill that we pass, that they have to do this by this date, we are now saying to Congress, to ourselves, confessing our own failure and not doing what the American people are begging us to do, we are going to impose a date on Congress and we are going to say we have to replace this stinking Tax Code in 4 years and 3 months from today.

I think when this bill passes this House that there will be an audible ovation around the country saying, here, here, it is about time Congress did something about the Tax Code.

Here is the bill. It is very simple. This is not a complicated bill. It is 15 pages long. If one has not read it, shame on them. We vote today. We have 4 years and 3 months before we replace the code; July 4, Independence Day, 2004, we replace the code. We get a report from a commission to do what we need to do, to look at all of the options that are out there, flat tax, consumption tax and every variety in between. Then 6 months after that the old Tax Code is gone.

Mr. Speaker, I will just conclude by saying that it is time. We need to just do it.

The SPEAKER pro tempore (Mr. LAHOOD). All time for debate has expired.

Pursuant to House Resolution 473, the previous question is ordered on the bill, as amended.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. RANGEL.

Mr. RANGEL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. RANGEL. Yes, I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. RANGEL moves to recommit the bill H.R. 4199 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

Strike all after the enacting clause and insert the following:

**SECTION 1. COMPREHENSIVE REFORM OF TAX CODE.**

(a) DEADLINE.—Congress shall enact a comprehensive reform of the Tax Code not later than July 4, 2004.

(b) PRINCIPLES.—Any comprehensive reform of the Tax Code shall be consistent with the following principles:

(1) Such reform shall be fiscally responsible and it shall not endanger a balanced budget nor use funds devoted to the social security system.

(2) Such reform shall be fair to all income classes.

(3) Such reform shall emphasize simplicity, thereby resulting in a Tax Code that is less complicated.

(c) CONSEQUENCES OF PENDING RETAIL SALES TAX PROPOSALS TO BE AVOIDED.—In

no event shall the comprehensive reform enacted pursuant to this section include the following aspects of pending legislation proposing a retail sales tax as a replacement for the current tax code:

(1) HEALTH CARE SHOULD NOT BE JEOPARDIZED.—The imposition of a retail sales tax on prescription drugs and other health care goods and services thereby—

(A) further increasing hardships on the elderly and other individuals dealing with high drug prices,

(B) increasing the cost of nursing home care and other long-term care services,

(C) accelerating the insolvency of the medicare system by increasing the cost of goods and services reimbursed by medicare, and

(D) increasing the cost of health insurance and thereby increasing the number of uninsured.

(2) FEDERAL TAX BURDEN SHOULD NOT BE SHIFTED TO STATES.—The imposition of a retail sales tax on goods and services (including wages of government employees) purchased by State and local governments, thereby forcing State and local governments either to drastically reduce the level of services provided to their citizens or to dramatically increase State tax burdens.

(3) NATIONAL DEFENSE SHOULD NOT BE ENDANGERED.—The imposition of a retail sales tax on goods and services purchased by the Federal Government, thereby endangering the National defense by increasing the cost to the Federal Government of meeting its military needs.

(4) COSTS OF OWNING OR RENTING A HOME SHOULD NOT INCREASE.—The imposition of a retail sales tax on purchases of new homes and on rentals of apartments and other residences, thereby threatening the ability of many individuals to afford adequate housing.

(5) INTERNET SHOULD NOT BE SUBJECT TO RETAIL SALES TAX.—The imposition of a retail sales tax on Internet access.

(d) CONSEQUENCES OF PENDING FLAT TAX PROPOSALS TO BE AVOIDED.—In no event shall the comprehensive reform enacted pursuant to this section include the following aspects of pending legislation proposing a flat tax:

(1) BURDEN OF FINANCING SOCIAL SECURITY AND MEDICARE SHOULD NOT INCREASE.—An increase in the burden of the social security and medicare payroll taxes by denying employers a deduction for those taxes when none of the additional revenues raised by increasing the burden of those taxes is devoted to the social security or medicare trust funds.

(2) COSTS OF OWNING A HOME SHOULD NOT INCREASE.—The elimination of current law subsidies for home ownership by repealing the deductions for mortgage interest and real estate taxes.

(3) COSTS OF EMPLOYER-PROVIDED HEALTH CARE SHOULD NOT INCREASE.—The imposition of substantial penalties on employers who provide health care coverage for their employees, thereby increasing the number of individuals without private health insurance.

(4) BURDEN OF STATE AND LOCAL TAXATION SHOULD NOT INCREASE.—An increase in the burden of State and local taxes by denying any deduction for those taxes, including taxes paid by businesses in the ordinary course of their operations.

(5) CHARITABLE CONTRIBUTIONS SHOULD NOT BE DISCOURAGED.—The repeal all current tax incentives for charitable giving at a time when the congressional majority is increasingly attempting to shift the burden of meeting the needs of the poor and disadvantaged to private organizations.

(6) RUNAWAY PLANTS SHOULD NOT BE ENCOURAGED.—Encouraging United States corporations to move their businesses overseas

by taxing their domestic operations but exempting their foreign operations from tax.

(7) TAX BURDENS ON FARMERS AND SMALL BUSINESSES SHOULD NOT INCREASE.—A dramatic increase in the tax burden on family farms and small businesses that rely on debt financing or have substantial amounts of currently depreciable assets by repealing the deduction for interest and eliminating depreciation deductions for existing assets.

(e) REGRESSIVITY OF PENDING FLAT TAX PROPOSALS AND RETAIL SALES TAX PROPOSALS TO BE AVOIDED.—In no event shall the comprehensive reform enacted pursuant to this section include the substantial and regressive shift of the burden of Federal taxation as under pending flat tax and retail sales tax proposals.

Mr. PORTMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. RANGEL. Mr. Speaker, I object. The SPEAKER pro tempore. The Clerk will continue reading the motion to recommit.

The Clerk continued reading the motion to recommit.

#### PARLIAMENTARY INQUIRY

Mr. THOMAS (during the reading). Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman from California will state his parliamentary inquiry.

Mr. THOMAS. Mr. Speaker, is it appropriate, since it has been objected to, dispensing with the reading, to inquire how many pages there are that will be read?

The SPEAKER pro tempore. The Clerk is about finished. The Clerk will continue reading the motion to recommit.

The Clerk continued reading the motion to recommit.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York (Mr. RANGEL) is recognized for 5 minutes on his motion to recommit.

Mr. RANGEL. Mr. Speaker, I yield to the gentleman from Washington (Mr. MCDERMOTT).

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, I urge everyone to vote for this motion to recommit, on the basis of a letter which we got from the Tax Executive Institute of the United States. It is all the corporate executives of the country who said these proposals reflect either a misapprehension of the importance of certainty and predictability to business enterprise and individuals or a disregard for the consequences of terminating the tax structure. They illustrate the folly of making tax policy by sound bite and should be rejected.

Former directors of the Internal Revenue Service, both Republicans and Democrats, wrote that this approach does not meet the standards of reasoned and responsible legislation. Now, if it were for only one issue here, I would say that was why we should go

back to the committee and add at least one protection for health care. Companies can deduct right now what they spend on health care for their employees. They would lose that here because that is part of the income Tax Code. So that means there would be no incentive for any major company in my district or anybody else's to provide health insurance.

Also, individuals would lose the tax deductibility of what they purchased so they would not only lose it from their employer but they would lose it on an individual basis. Then when they went out and paid for it, they would have to pay a sales tax on not only the policy they bought but everything that they bought in the process of having their health care taken care of, including prescription drugs.

Yesterday everybody was walking in here saying that the Republicans have come out with their principles about how to provide a prescription drug benefit for the senior citizens in this country who on average spend \$2,500 out-of-pocket paying for pharmaceuticals. Now I guess it makes sense to the Republicans to come out here and propose that they are going to slap a \$250 tax on every senior citizen when they buy their drugs. Vote for the motion.

□ 1600

Mr. RANGEL. Mr. Speaker, the majority party clearly has shown their unity on the question of sunset and polishing the Internal Revenue Code at some time in the future, 2004. I guess that is pretty courageous to say on the eve of April 15 that they want to get rid of this code.

We do not know whether they have enough votes to come back with something before we get out of session. We have not the slightest clue as to what they would replace it with.

So we are saying this, if they are going to overwhelm us with their votes and abolish the code, we ask them to support the motion to recommit at least to put some protections in it for the taxpayer for the American people; that it be fiscally responsible; that whatever they come up with, that it is fair; that it be certainly more simple than the code that they are trying to replace; that they not pick up some of these ideas that are floating in their side about taxing prescription drugs; that they do not make home purchasing more difficult by eliminating the deduction of mortgage interest. For God's sake, do not hurt charitable giving by removing the deductibility. Do not hurt our schools, our churches, our synagogues and our mosques.

We do have a pretty progressive tax system. From what I have heard with some of the things that are being considered on the other side, it might be a little too difficult for the working poor.

We also are asking in the motion to recommit that our colleagues do not restructure the tax system so that they are shifting the burden to local and

State governments because they have enough.

Our concern also deals with the Internet with the structuring of some of the recommendations they are making that would put a 60 percent increase in the sales tax on the Internet. Well, we do not know where they are going, and they do not either. All we know is that they want to get rid of the code as we see it.

Maybe if we are lucky, we can get someone of the caliber of the gentleman from Ohio (Mr. PORTMAN) to sit on this 15-person commission. Other than that, I do not know who even would be on the commission to come and tell us what we should be doing. If they do a good enough job, maybe we do not even need the Committee on Ways and Means. If that works for the tax-writing committee, maybe we can get a commission for the Committee on Appropriations and a commission for the Committee on Commerce.

I know we have not done much work around here in the last couple of years, but I hate to see the day that we just set up commissions to do our legislative work. But I support the motion to recommit, Mr. Speaker.

The SPEAKER pro tempore (Mr. LAHOOD). Does the gentleman from Ohio (Mr. PORTMAN) claim the time in opposition?

Mr. PORTMAN. Mr. Speaker, I am claiming the time.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. PORTMAN) is recognized for 5 minutes.

Mr. PORTMAN. Mr. Speaker, I yield to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from Ohio and fellow member of the Committee on Ways and Means for the yielding to me.

Mr. Speaker, we have heard from the gentleman from New York (Mr. RANGEL) a typical lament that is really based in the realm of political science fiction, because typical of the motions to recommit, it basically says, golly, gee, there really should be some tax reform. But rather than commit to it, we will throw out a variety of ideas, a grab bag for you and say that, oh, yeah, us, too. We really want to see reform in the code. But not now.

The gentleman from New York laments what he says is a lack of cooperation and communication between the sides of the Committee on Ways and Means. Yet, in this tax summit, when the gentleman from Missouri (Mr. GEPHARDT), the Democratic leader, was invited to offer his plan for a 10 percent code, he declined. How can we have honest communication?

Reject the motion to recommit. Vote for the bill.

Mr. PORTMAN. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. TAUZIN), champion on this issue.

Mr. TAUZIN. Mr. Speaker, I thank the gentleman from Ohio for yielding to me.

Mr. Speaker, this motion to recommit takes away the sunset. It says we are going to keep this good old income Tax Code a lot longer. Maybe if we come up with a new one, we will get rid of it one day.

The bill sets the sunset. It says this income Tax Code that ravages Americans ought to go. We ought to pull it out by its roots so it does not grow back again. We ought to come up with a simple, clean, decent one for Americans again.

Mr. Speaker, the power to tax is the power to destroy. My colleagues ought to think about what this current code does. It punishes one for earning income, for saving, for investing, for giving things to one's kids in life through the gift tax and for giving things to them when one dies through the death tax.

It even punishes one when one buys American-made products. According to the Harvard study, it adds 25 percent to the cost of everything we make and consume in America.

It taxes one coming. It taxes one going. It taxes one when one earns income and when one spends it. We ought to get rid of it. This bill gets rid of it.

This motion to recommit says let us keep it. If my colleagues want to keep it, vote for the recommit. If they want to get rid of it, vote against the motion to recommit.

Mr. PORTMAN. Mr. Speaker, I am now reading the Democrat motion to recommit, and it is interesting. It lays out a set of principles. I, frankly, do not think it is inconsistent with the underlying bill. But it does not get the job done.

It does not do anything to force this Congress and this administration to come to grips with this problem. It does not sunset the code. It does not set up a commission. It does not say that we have to deal with this problem.

Now, if we are not going to come to grips with it, if we are not going to begin the process of getting rid of an overly complex, overly burdensome, overly intrusive Internal Revenue Code, then we are not serving our constituents.

This is a good bill. What this bill that the gentleman from Oklahoma (Mr. LARGENT) put together does is very simple. It does say, over a 4-year period of time, we ought to sunset the code. In the meantime, though, we are going to put together a bipartisan, bicameral commission that forces the administration to work with Congress to come up with analyses of the various proposals out there, allow some public education on this issue, go out among the people, yes, bring in outside expertise, not rely on Congress to provide every answer. We do not have a monopoly on all the good answers. Then come back and report to Congress, after 18 months, as to what they have learned.

Congress then does its work, and the Committee on Ways and Means and the finance committee in this House does its work, and the elected Representa-

tives make the decision. But this is responsible.

Then, very importantly, if Congress still cannot come to grips with this issue, cannot do what is right for the American people, then the legislation says specifically that Congress must vote to reauthorize the existing Tax Code. There is no uncertainty here.

I have heard speakers come up and say this creates great uncertainty. This does not create great uncertainty. What it creates is a great potential for us to move this country forward on an issue that is absolutely essential to the well-being of our constituents and to the prosperity of this country in the 21st Century.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

Mr. PORTMAN. I yield to the gentleman from California.

Mr. THOMAS. Mr. Speaker, we heard the gentleman from New York (Mr. RANGEL). I congratulate the gentleman from Ohio (Mr. PORTMAN) on his knowledge and his wisdom in the area.

Mr. PORTMAN. Do not hold that against me.

Mr. THOMAS. Mr. Speaker, given that fact that I agree with it, is the gentleman from Ohio for or against the motion to recommit?

Mr. PORTMAN. Mr. Speaker, reclaiming my time, I am glad the gentleman from California asked. I urge my colleagues to vote "no" on the motion to recommit because it does not get the job done, as well meaning as it might be, and to support, strongly support, on a bipartisan basis the responsible legislation this year, which establishes the ability for us to actually move forward on this issue that we talk and talk and talk about and deliver for our constituents and the American people.

Vote "no" on the motion to recommit. Vote "yes" on the underlying bill.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am in total agreement that the IRS tax code is confusing. In fact, I affirm making the tax code more understandable for average Americans. I even hope to address outdated tax issues such as the telephone excise tax adopted a century ago to help fund the Spanish American War in 1898 and re-imposed during World War I, which is still with us today.

However, this bill is another attempt by the Republicans to enact irresponsible legislation. The notion that Congress should abolish most of the tax code by December 31, 2004 is not in the best interest of America's hard working families. The Republicans are offering this bill with no viable alternative to the tax code in place.

The notion that we can enact legislation essentially eliminating the tax code without a well-reasoned alternative is a violation of the public trust. This measure is nothing more than another election year ploy designed by the Republicans around tax time. This is nothing more than a tax gift to the special interests that would like nothing more than to scrap the tax code. The termination of the tax code has become a top priority of the Republican agenda. To vote for this bill without coming forward

with a credible alternative to finance our government's operations is playing our nation's taxpayers for fools.

The most glaring aspect of this measure is the fact that if we pass a bill which terminates the tax code between now and December 21, 2002, our entire economy will be in a state of confusion. The capital markets do not like uncertainty in our country's fiscal policy.

Our industrial and commercial sectors will not have the certainty and predictability required to have an efficient economy. If we pass this bill it is highly likely that the long period of prosperity enjoyed by our nation will soon end. How long can our economy operate without knowing what the tax consequences of their investment decisions will yield? We have come too far from the days of recession in 1991 to take actions that will threaten the hard won progress made to date.

State and local governments that issue tax-exempt municipal bonds with low interest rates to finance capital activity. If we eliminate the tax code without assuring current holders of tax-exempt municipal bonds of their tax status many Americans will be adversely affected.

What about home mortgages? The home mortgage deduction is one of the linchpins of the American dream. Without it, many moderate and low-income Americans would not be able to own their homes. The tax deductibility of home mortgages is not only a great advantage, but it also impacts the entire home builder and mortgage industry that relies on a healthy housing market.

The Scrap the Tax Code Act deserves to be scrapped itself. This bill has nothing but the interest of the wealthy who seek tax relief on the backs of our nation's workers. Let us get onto serious legislation such as gun control, strengthening Social Security and Medicare, as well as, paying down the national debt. If we need to have additional hearings on improving the tax code I am in favor of looking at alternatives. Our people deserve more than election year gimmicks; they deserve serious legislators who produce meaningful legislation that puts families first. Thank you and God bless America.

Mr. POMEROY. Mr. Speaker, I rise in opposition to the Date Certain Tax Code Replacement Act.

I strongly support reforming the nation's tax code to make it fairer, simpler, and less burdensome on the American people. Unfortunately, rather than advancing a constructive tax reform measure, the leadership has proposed a political gimmick—a bill to terminate the tax code without saying what sort of system should replace it. This bill is not only the height of political cynicism, but, if enacted, it could have serious negative consequences for American families, farmers, and businesses.

Families and businesses rely on the tax treatment of certain expenditures in making their financial decisions. For example, employers budget for the health and pension benefits of their workers based on the tax deductibility of these expenses. With the uncertainty created by this legislation, however, employers might very well freeze health and retirement benefits until their tax treatment is determined. In fact, employers might even reduce benefits as hedge against Congress deciding not to extend the tax deductibility of employee benefits. Likewise, the value of American homes would be adversely impacted in the real estate market would wait to see whether Congress would continue the mortgage interest deduction.

For farmers, the consequences would be even more severe. On the Upper Great Plains, farmers are already struggling with low market prices, adverse growing conditions, and a farm policy that includes no safety net. Even with the best financial planning and management, many farmers are finding it nearly impossible to make ends meet. Farming is, by nature, a highly risky proposition. Added uncertainty about the deductibility of interest on operating loans, equipment and land, would move farming from risky to almost foolhardy.

I believe that North Dakotans want fundamental tax reform. However, they're unwilling to buy a "pig in a poke," especially when it relates to taxes. They want to see what system is being proposed as a replacement before simply terminating the code and giving a blank check to Congress.

Mr. Speaker, I urge members to reject this legislation and to get to work on real meaningful tax reform.

Mr. UDALL of Colorado. Mr. Speaker, I've been trying to figure out just what this bill really is, and I've got it narrowed down to two choices. Either this is a belated April Fool's prank or it's the scariest thing since last Halloween.

The idea that Congress would repeal all federal income, estate and gift and excise tax laws without a plan for how to replace them sounds like a joke. But for anybody who's trying to plan, it's not funny. How can a company decide whether to make a multi-year investment if it doesn't know what will be the basis for future tax laws? How can people decide how to invest for their retirement if they don't know what Congress might decide to do about the tax status of their investments?

If the sponsors of this bill are serious—and they are asking us to assume that they are—then they are being remarkably careless. If they aren't serious—and it's tempting to treat this as a joke—then they seem pretty irresponsible. Either way, this is not the kind of legislation that we should be debating today or any day.

But, here it is and we do have to vote. So, I will support the motion to recommit because it would at least fill in some of the blanks in the bill. It would spell out that any replacement for the income and excise tax laws has to be fiscally responsible and not endanger Social Security or Medicare. It would require that the replacement taxes emphasize simplicity and be fair to people at all income levels. And it would rule out any new federal sales taxes on prescription drugs and other health-care necessities or on home purchases and rentals. I think most Americans would agree that these are pretty basic principles that should be followed in shaping any new tax system.

In short, Mr. Speaker, while I don't think the way to go about the hard work of reform is to burn down the house in hopes of putting up something better, we should at least define "better" before we start the fire.

Mr. STARK. Mr. Speaker, I adamantly oppose H.R. 4199, a bill to sunset the current Internal Revenue Code without a replacement plan. It is completely ludicrous to bring legislation to the floor that will eliminate the only Tax Code the U.S. Government has to collect revenue and pay for entitlements and various programs. This bill suggests to the American people that in four years, the 108th Congress will come up with a plan to replace the current system, but there are no guarantees. The bill

before us today is irresponsible, negligent and hypocritical.

#### I. IRRESPONSIBLE—NO NEED FOR A COMMISSION

Last year's failed Medicine Commission provides ample evidence that the last thing Congress needs is another commission upon which to place its responsibility.

This bill hands over the responsibility to tax U.S. income to yet another commission. Congress already has an "in-House" commission to address problems with the current Tax Code—it's called the Ways and Means Committee. But the Committee on Ways and Means didn't hold a hearing or a markup on the bill before us today. In fact, we've had hearings all week on fundamental tax reform yet H.R. 4199 was never brought before the Committee.

It's high time the leadership stops the charade and works in a bipartisan fashion to address critical problems facing working Americans.

#### II. NEGLIGENT—NO REPLACEMENT PLAN

This bill neglects to offer a plan in the event that the 108th Congress doesn't actually come up with an alternative approach to current U.S. taxes.

Are we to assume that one of the recent proposals before the Ways and Means Committee will replace the current Code? I would imagine that the GOP's leading testimony on H.R. 2525, the Fair Tax Act, would be a proposal of consideration. If this is the case, then I must fiercely warn my colleagues against supporting H.R. 4199.

The Joint Committee on Taxation—a bipartisan and bicameral Congressional Committee—has concluded that the Fair Tax Act, the leading proposal at this week's Ways & Means tax hearing, will need to impose a near 60 percent tax on goods and services in the U.S. in order to remain revenue neutral. I have a chart here (see attached) to show how this will effect the price of top selling seniors' prescription drugs. Seniors are currently struggling to pay for their prescription drugs and often have to go without them. It is unfathomable that the leadership would want to scrap the current Code only to suggest that proposals as awful as the Fair Tax Act await its replacement.

The GOP has had 5 years to devise a better way to tax U.S. income. But for the past five years all they have given us is an April 15 song and dance.

#### III. THIS BILL IS HYPOCRITICAL AND HOLLOW

I believe the gentleman from Texas, Mr. ARMEY, is sincere about trying to obtain health insurance for the 44 million Americans without it through a refundable tax cut credit, but we won't reach this goal by ripping out the existing tax code by its roots without replacing it first with a system of either refundable tax credits or subsidies for employer-provided health insurance.

I oppose the current tax structure with respect to the treatment of the pharmaceutical industry and I did something about it. I have introduced a couple of bills that address the unfair tax treatment given to pharmaceutical companies.

I have introduced H.R. 4089, the Save Money for Prescription Drug Research Act of 2000 to deny tax deductions to pharmaceutical firms for spending on unnecessary promotions and gifts (other than drug samples) to physicians. These drug companies currently deduct

a portion of the over \$11 billion spent per year on very questionable physician gifts. This bill encourages dedication of these funds for a much more important use—pharmaceutical research and development.

I have also introduced H.R. 3665, the Prescription Price Equity Act of 2000 which would deny research tax credits to pharmaceutical companies that sell their products at signifi-

cantly higher prices in the U.S. as compared to their sales in other industrialized nations.

My bills accomplish something. My bills address the fact that drug company profits are over three times greater than the average profits of all other U.S. industries while U.S. seniors spend more money on medications than seniors in other parts of the world.

We must have a tax plan in place to ensure that our seniors will receive affordable prescription drugs and that the uninsured have access to health care before we hastily scrap our current Tax Code.

I urge my colleagues to oppose H.R. 4199, the Date Certain Tax Replacement Act and support the motion to recommit.

REPUBLICAN TAX PROPOSALS WILL MAKE YOU SICK

Top selling seniors' prescription drugs	Manufacturer	Use	Average retail price for uninsured seniors	Retail price after Linder-Peterson tax <sup>1</sup>	Retail price after Fair Tax Act of 1999 <sup>2</sup>
Zocor	Merck	Cholesterol	\$107.66	\$139.96	\$172.26
Norvasc	Pfizer, Inc	High Blood Pressure	118.96	154.65	190.34
Prilosec	Astra/Merck	Ulcers	117.56	152.83	188.10
Procardia XL	Pfizer, Inc	Heart Problems	133.22	173.19	213.15
Zoloft	Pfizer, Inc	Depression	223.61	290.69	357.78

<sup>1</sup> Repts. Linder and Collin Peterson's proposal will impose a 30% national retail sales tax.

<sup>2</sup> According to the Joint Committee on Taxation, the Fair Tax Act of 1999 would require a 59.5% sales tax rate to be revenue neutral over five years. We assume this would cause a 60% increase in prices to consumers.

Note.—Chart lists drug prices in common dosage, form, and package sizes.

Mr. BEREUTER. Mr. Speaker, this Member opposes H.R. 4199, the Tax Code Termination Act.

Before going into the reasoning behind this opposition, this Member would like to preface his comments by the following statement. This Member unequivocally believes that substantial but very careful reform is needed for the U.S. tax code. Examples abound of inefficiencies and counterproductive elements of the Internal Revenue Code as it operates today. However, this Member opposes H.R. 4199 for the following four reasons:

(1) This Member does not think that we should delay decision-making as H.R. 4199 provides. We need to decide today's issues today and not defer them to tomorrow.

(2) H.R. 4199 fails for its lack of precision. H.R. 4199 would sunset the current tax code effective December 31, 2004. It is certainly not legislatively, statutorily wise to decide to eliminate the tax code without determining a revenue alternative to replace it with. If such major action should be taken as contemplated by H.R. 4199, a precise alternative Federal tax system needs to be simultaneously decided.

(3) This Member does not support this legislation because it could dramatically discourage investment and cause economic chaos as investors are faced with great uncertainty. If H.R. 4199 is passed, Americans will be in a state of great confusion and apprehension until a replacement tax code is enacted, which could be as late as July 4, 2004. Members of the House need to really consider the decisions that would face businesses and their constituents in this environment of uncertainty. For example, can a corporation make a prudent investment decision if they do not know what the tax consequences of that decision will be just a few years hence? No, they cannot. Will investors continue to be as ready to buy tax-exempt bonds if they are not sure whether this tax exempt status will continue? No, they will not.

Another example of the potentially very negative effects of H.R. 4199 relates to the mortgage interest deduction. A young family which desires to purchase a home for the first time will not know if they can count on a mortgage interest deduction in the future if H.R. 4199 is passed. In fact, this uncertainty may be enough to deter someone from purchasing a house until a replacement tax code is in place.

(4) H.R. 4199 would have a negative effect on state and local entities. The tax benefits, for example, of the investors in public bonds

would be negatively affected by the uncertainty created by H.R. 4199. Certainly, local school districts could be adversely affected, along with most other varieties of local governmental bodies.

Mr. Speaker, for these four reasons, just briefly described, this Member must oppose H.R. 4199. We need a fundamental re-examination of America's Federal tax code and it should begin now, but rash action like H.R. 4199 is most assuredly not the way to proceed. Its enactment would have a chilling effect upon our economy and cause greater difficulty in public and private decision-making. All that is lacking to begin such a comprehensive review and reform of our Federal system of taxation is the will or commitment to begin and the organizational and legislative skills to implement such changes. With such a narrow majority in this House, it will also take bipartisan cooperation and good will.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The Chair will reduce to 5 minutes the time for electronic voting on final passage.

The vote was taken by electronic device, and there were—yeas 191, nays 228, not voting 15, as follows:

[Roll No. 126]

YEAS—191

Abercrombie	Berkley	Brown (FL)
Ackerman	Berman	Brown (OH)
Allen	Berry	Capps
Andrews	Bishop	Capuano
Baca	Blagojevich	Cardin
Baird	Blumenauer	Carson
Baldacci	Bonior	Clayton
Baldwin	Boswell	Clement
Barrett (WI)	Boucher	Clyburn
Becerra	Boyd	Conyers
Bentsen	Brady (PA)	Costello

Coyne	Kaptur	Pelosi
Cramer	Kennedy	Phelps
Crowley	Kildee	Pomeroy
Cummings	Kilpatrick	Price (NC)
Danner	Kind (WI)	Rahall
Davis (FL)	Kleczka	Rangel
Davis (IL)	Klink	Reyes
DeFazio	Kucinich	Rivers
DeGette	LaFalce	Rodriguez
Delahunt	Lampson	Roemer
DeLauro	Lantos	Rothman
Deutsch	Larson	Roybal-Allard
Dicks	Lee	Rush
Dingell	Levin	Sabo
Dixon	Lewis (GA)	Sanchez
Doggett	Lipinski	Sanders
Dooley	Lofgren	Sandlin
Doyle	Lowey	Sawyer
Edwards	Lucas (KY)	Schakowsky
Engel	Luther	Scott
Eshoo	Maloney (CT)	Sherman
Etheridge	Maloney (NY)	Sisisky
Farr	Markey	Skelton
Fattah	Mascara	Slaughter
Filner	Matsui	Smith (WA)
Ford	McCarthy (MO)	Snyder
Frank (MA)	McCarthy (NY)	Spratt
Frost	McDermott	Stabenow
Gejdenson	McGovern	Stenholm
Gephardt	McKinney	Stupak
Gonzalez	McNulty	Tanner
Gordon	Meehan	Tauscher
Green (TX)	Meek (FL)	Taylor (MS)
Gutierrez	Meeks (NY)	Thompson (CA)
Hall (OH)	Menendez	Thompson (MS)
Hall (TX)	Millender-	Thurman
Hastings (FL)	McDonald	Tierney
Hill (IN)	Minge	Towns
Hinchee	Mink	Udall (CO)
Hinojosa	Moakley	Udall (NM)
Hoeffel	Moore	Velazquez
Holden	Moran (VA)	Vento
Holt	Nadler	Visclosky
Hooley	Napolitano	Waters
Hoyer	Neal	Watt (NC)
Inslie	Oberstar	Waxman
Jackson (IL)	Obey	Weiner
Jackson-Lee	Olver	Weygand
(TX)	Ortiz	Wise
Jefferson	Owens	Woolsey
John	Pallone	Wu
Johnson, E. B.	Pascrell	Wynn
Jones (OH)	Pastor	
Kanjorski	Payne	

NAYS—228

Aderholt	Bilirakis	Castle
Archer	Blunt	Chabot
Armey	Boehler	Chambliss
Bachus	Boehner	Chenoweth-Hage
Baker	Bonilla	Coble
Ballenger	Bono	Coburn
Barcia	Brady (TX)	Collins
Barr	Bryant	Combest
Barrett (NE)	Burr	Condit
Bartlett	Burton	Cooksey
Barton	Buyer	Cox
Bass	Calvert	Crane
Bateman	Camp	Cubin
Bereuter	Campbell	Cunningham
Biggert	Canady	Davis (VA)
Bilbray	Cannon	Deal

DeLay  
DeMint  
Diaz-Balart  
Dickey  
Doolittle  
Dreier  
Duncan  
Dunn  
Ehlers  
Ehrlich  
Emerson  
English  
Everett  
Ewing  
Fletcher  
Foley  
Forbes  
Fossella  
Fowler  
Franks (NJ)  
Frelinghuysen  
Gallegly  
Ganske  
Gekas  
Gibbons  
Gilchrist  
Gillmor  
Gilman  
Goode  
Goodlatte  
Goodling  
Goss  
Graham  
Granger  
Green (WI)  
Greenwood  
Gutknecht  
Hansen  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill (MT)  
Hilleary  
Hobson  
Hoekstra  
Horn  
Hostettler  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Isakson  
Istook  
Jenkins  
Johnson (CT)  
Johnson, Sam  
Jones (NC)  
Kasich

## NOT VOTING—15

Bliley  
Borski  
Callahan  
Clay  
Cook

□ 1630

Messrs. BILIRAKIS, GANSKE, SHERWOOD, CAMP, BEREUTER, WATKINS, MCINTYRE, and WHITFIELD changed their vote from "yea" to "nay."

Ms. RIVERS, and Messrs. KIND, BARRETT of Wisconsin, GREEN of Texas, and GEPHARDT, Ms. DELAURO, and Messrs. FATTAH, LARSON, SHERMAN, BERMAN, Ms. SLAUGHTER, and Messrs. LIPINSKI, OWENS, TAYLOR of Mississippi, and GORDON changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LARGENT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 229, nays 187, not voting 18, as follows:

[Roll No. 127]

## YEAS—229

Aderholt  
Archer  
Armey  
Bachus  
Baker  
Ballenger  
Barcia  
Barr  
Barrett (NE)  
Bartlett  
Barton  
Bass  
Bateman  
Bereuter  
Biggert  
Bilbray  
Bilirakis  
Blunt  
Boehner  
Bonilla  
Bono  
Brady (TX)  
Bryant  
Burr  
Burton  
Buyer  
Calvert  
Camp  
Campbell  
Canady  
Cannon  
Castle  
Chabot  
Chambliss  
Chenoweth-Hage  
Coble  
Coburn  
Collins  
Combest  
Condit  
Cooksey  
Cox  
Cramer  
Crane  
Cubin  
Cunningham  
Danner  
Davis (VA)  
Deal  
DeLay  
DeMint  
Diaz-Balart  
Dickey  
Doolittle  
Dreier  
Duncan  
Dunn  
Ehlers  
Ehrlich  
Emerson  
English  
Everett  
Ewing  
Fletcher  
Foley  
Forbes  
Fossella  
Fowler  
Franks (NJ)  
Frelinghuysen  
Gallegly  
Ganske  
Gekas  
Gibbons  
Gilchrist  
Gillmor  
Gilman

## NAYS—187

Abercrombie  
Ackerman  
Allen  
Andrews  
Baca  
Baird  
Baldacci  
Baldwin  
Barrett (WI)

Carson  
Clayton  
Clement  
Clyburn  
Conyers  
Costello  
Coyne  
Crowley  
Cummings  
Davis (FL)  
Davis (IL)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Deutsch  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doyle  
Edwards  
Engel  
Eshoo  
Etheridge  
Farr  
Fattah  
Filner  
Ford  
Frank (MA)  
Frost  
Gejdenson  
Gephardt  
Gonzalez  
Gordon  
Green (TX)  
Gutierrez  
Hall (OH)  
Hastings (FL)  
Hill (IN)  
Hinchee  
Hinojosa  
Hoeffel  
Holden  
Hoyer  
Inslee  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
John

## NOT VOTING—18

Bishop  
Bliley  
Borski  
Callahan  
Clay  
Cook

□ 1638

Mr. WOLF and Mr. LEACH changed their vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. BISHOP. Mr. Speaker, on rollcall No. 127, I was unavoidably detained and unable to be present for the vote. Had I been present, I would have voted "yea."

Mr. SANDLIN. Mr. Speaker, on rollcall No. 127 I inserted my card in the voting machine and voted "aye". The board was closing and the vote did not register. Had I been present, I would have voted "yes."

Stated against:

Mr. OWENS. Mr. Speaker, I was unavoidably absent on a matter of critical importance and missed the following vote:

On H.R. 4199, to terminate the Internal Revenue Code of 1986, introduced by the gentleman from Oklahoma, Mr. LARGENT, I would have voted "nay."

Johnson, E. B.  
Jones (OH)  
Kanjorski  
Kaptur  
Kennedy  
Kildee  
Kilpatrick  
Kind (WI)  
Klecza  
Klink  
Kucinich  
LaFalce  
Lampson  
Lantos  
Larson  
Lee  
Levin  
Lewis (GA)  
Lipinski  
Lofgren  
Lowey  
Luther  
Maloney (NY)  
Markey  
Mascara  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McDermott  
McGovern  
McKinney  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Millender-  
Gutierrez  
McDonald  
Mink  
Moakley  
Mollohan  
Moore  
Moran (VA)  
Morella  
Murtha  
Nadler  
Napolitano  
Neal  
Oberstar  
Obey  
Olver  
Ortiz  
Pallone  
Pascrell

Evans  
Hilliard  
Houghton  
Lazio  
Miller, George  
Myrick

Pastor  
Payne  
Pelosi  
Phelps  
Pickett  
Pomeroy  
Price (NC)  
Rahall  
Rangel  
Reyes  
Rivers  
Rodriguez  
Roemer  
Rothman  
Roybal-Allard  
Rush  
Sabo  
Sanchez  
Sanders  
Sawyer  
Schakowsky  
Serrano  
Sherman  
Sisisky  
Skelton  
Slaughter  
Smith (WA)  
Snyder  
Spratt  
Stabenow  
Stenholm  
Stupak  
Tanner  
Tauscher  
Thompson (CA)  
Thompson (MS)  
Thurman  
Tierney  
Towns  
Udall (CO)  
Udall (NM)  
Velazquez  
Vento  
Visclosky  
Waters  
Watt (NC)  
Waxman  
Weiner  
Weygand  
Wise  
Woolsey  
Wu  
Wynn