

[DISCUSSION DRAFT]

JULY 14, 2003

108TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. DEMINT introduced the following bill; which was referred to the
Committee on _____

A BILL

To establish a commission on tax reform.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Reform Action
5 Commission Act of 2003”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) The current Federal tax system is fun-
9 damentally defective, economically counter-productive

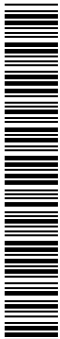


1 tive, and its complexity leads to staggering costs for
2 taxpayers.

3 (2) Complexity and frequent change of the In-
4 ternal Revenue Code of 1986 cause taxpayer and ad-
5 ministrative confusion and uncertainty. The signifi-
6 cant difficulty in understanding tax rules and regu-
7 lations due to their lack of clarity and readability
8 annually forces United States taxpayers to expend
9 enormous sums of time and money on compliance
10 and administration activities which represent a pure
11 loss to the economy every year.

12 (3) A major source of complexity is the use of
13 the Federal tax system to advance social and eco-
14 nomic policies. Targeted benefits in the form of pref-
15 erential rates, exclusions, exemptions, deductions,
16 credits, deferrals and adjustments are examples of
17 factors that complicate the Internal Revenue Code of
18 1986.

19 (4) Among the reasons that the Internal Rev-
20 enue Code of 1986 is considered unfair is its dis-
21 similar treatment of similarly situated taxpayers and
22 because those who have the means to afford profes-
23 sional advice are more likely to receive optimal treat-
24 ment and maximum benefits.



1 (5) The tax laws of the United States are
2 among the most burdensome and uncompetitive in
3 the world and those laws make it difficult for domes-
4 tically-owned United States companies to compete
5 abroad and in the United States. A domestically-
6 owned corporation is disadvantaged compared to a
7 United States subsidiary of a foreign-owned corpora-
8 tion and international competitiveness is forcing
9 many United States corporations to make a choice
10 they do not want to make: go out of business, sell
11 the business to a foreign competitor, or become a
12 subsidiary of a foreign corporation.

13 (6) The current tax system discourages saving
14 and depresses the level of United States capital ac-
15 cumulation available for financing investment, which
16 is critical to the growth potential of the economy,
17 real income, and living standards.

18 (7) Past efforts at partial reform of the Inter-
19 nal Revenue Code of 1986 have not succeeded in re-
20 ducing its complexity, removing its distortions of
21 economic incentives, or making it fairer. Those de-
22 structive problems and others stemming from the In-
23 ternal Revenue Code of 1986 can and should be ad-
24 dressed through responsible fundamental tax reform.
25 Despite the fact that a number of viable tax reform



1 proposals have been offered, a lack of consensus has
2 blocked progress toward the consideration and en-
3 actment of an existing or new plan.

4 (8) Therefore, in order to proceed with respon-
5 sible and needed tax reform, it is necessary to estab-
6 lish a Tax Reform Action Commission charged with
7 developing a proposal to achieve tax reform that will
8 benefit all Americans.

9 **SEC. 3. OBJECTIVES OF REFORM.**

10 The Congress finds that it must act to reform the
11 Internal Revenue Code of 1986 so that the United States
12 has a tax system that is—

13 (1) simple, transparent, and efficient;

14 (2) fair and equitable to all Americans; and

15 (3) neutral between different activities and be-
16 tween current consumption and future consumption.

17 **SEC. 4. ESTABLISHMENT OF COMMISSION.**

18 There is established in the legislative branch a Tax
19 Reform Action Commission (in this Act referred to as the
20 “Commission”).

21 **SEC. 5. DUTIES OF THE COMMISSION.**

22 (a) RECOMMENDATIONS FOR REFORM.—Not later 2
23 years after the date on which the Commission is estab-
24 lished, the Commission shall make specific recommenda-
25 tions to Congress for reform of the internal revenue laws



1 in a manner that incorporates the objectives of reform set
2 forth in section 3. The recommendations of the Commis-
3 sion shall be based on its compilation and reconciliation
4 of the recommendations of the task forces convened by the
5 Commission pursuant to section 9 and shall provide for
6 such appropriate interagency support and cooperation as
7 may be necessary to attain such objectives.

8 (b) **LEGISLATIVE LANGUAGE.**—The recommenda-
9 tions required under subsection (a) shall include legislative
10 language necessary for carrying out such recommenda-
11 tions. The Commission shall develop such legislative lan-
12 guage after conducting such public hearings and con-
13 sulting with such public or private entities as the Commis-
14 sion considers necessary and appropriate to make the rec-
15 ommendations required under subsection (a).

16 **SEC. 6. COMPOSITION OF THE COMMISSION.**

17 (a) **NUMBER AND APPOINTMENT.**—The Commission
18 shall be composed of 15 members, as follows:

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

22 (2) Four members appointed by the majority
23 leader of the Senate, one from Members of the Sen-
24 ate and three from private life.



1 (3) Two members appointed by the minority
2 leader of the Senate, one from Members of the Sen-
3 ate and one from private life.

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

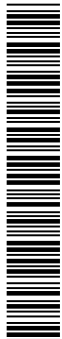
7 (5) Two members appointed by the minority
8 leader of the House of Representatives, one from
9 Members of the House and one from private life.

10 (b) QUALIFICATIONS.—The members of the Commis-
11 sion shall consist of individuals who are of recognized
12 standing and distinction and who possess a demonstrated
13 capacity to discharge the duties imposed on the Commis-
14 sion.

15 (c) CHAIR.—The President shall designate a member
16 of the Commission to serve as Chair of the Commission
17 who shall chair the Commission, determine its duties, and
18 supervise its staff.

19 (d) TERMS OF APPOINTMENT.—The members of the
20 Commission shall be appointed not more than 30 days
21 after the date of the enactment of this Act. The members
22 of the Commission shall serve for the life of the Commis-
23 sion.

24 (e) VACANCIES.—A vacancy in the Commission shall
25 not affect the power of the remaining members to execute



1 the duties of the Commission but any such vacancy shall
2 be filled in the same manner in which the original appoint-
3 ment was made.

4 **SEC. 7. PROCEDURES.**

5 (a) MEETINGS.—The Commission shall meet at the
6 call of its Chair or a quorum of its members.

7 (b) QUORUM.—A quorum shall consist of nine mem-
8 bers of the Commission, except that a lesser number may
9 conduct a hearing under subsection (c).

10 (c) HEARINGS AND OTHER ACTIVITIES.—For the
11 purpose of carrying out its duties, the Commission may
12 hold such hearings and undertake such other activities as
13 the Commission determines necessary to carry out its du-
14 ties.

15 (d) OBTAINING INFORMATION.—Upon request of the
16 Commission, the Secretary of the Treasury and the head
17 of any other department, agency, or instrumentality of the
18 Federal Government shall furnish information deemed
19 necessary by the Commission to enable it to carry out its
20 duties.

21 **SEC. 8. ADMINISTRATION.**

22 (a) COMPENSATION.—Except as provided in sub-
23 section (b), members of the Commission shall receive no
24 additional pay, allowances, or benefits by reason of their
25 service on the Commission.



1 (b) TRAVEL EXPENSES AND PER DIEM.—Each mem-
2 ber of the Commission who is not a present Member of
3 the Congress and who is not otherwise an officer or em-
4 ployee of the Federal Government shall receive travel ex-
5 penses and per diem in lieu of subsistence in accordance
6 with sections 5702 and 5703 of title 5, United States
7 Code.

8 (c) STAFF AND SUPPORT SERVICES.—

9 (1) STAFF DIRECTOR.—

10 (A) APPOINTMENT.—The Chair in accord-
11 ance with the rules agreed upon by the Com-
12 mission shall appoint a staff director for the
13 Commission.

14 (B) COMPENSATION.—The staff director
15 shall be paid at a rate not to exceed the rate
16 established for level V of the Executive Sched-
17 ule under section 5315 of title 5, United States
18 Code.

19 (2) STAFF.—The Chair in accordance with the
20 rules agreed upon by the Commission shall appoint
21 such additional personnel as the Commission deter-
22 mines to be necessary.

23 (3) APPLICABILITY OF CIVIL SERVICE LAWS.—
24 The staff director and other members of the staff of
25 the Commission shall be appointed without regard to



1 the provisions of title 5, United States Code, gov-
2 erning appointments in the competitive service, and
3 shall be paid without regard to the provisions of
4 chapter 51 and subchapter III of chapter 53 of such
5 title relating to classification and General Schedule
6 pay rates.

7 (4) EXPERTS AND CONSULTANTS.—With the
8 approval of the Commission, the staff director may
9 procure temporary and intermittent services under
10 section 3109(b) of title 5, United States Code.

11 (d) PHYSICAL FACILITIES.—The Architect of the
12 Capitol, in consultation with the appropriate entities in the
13 legislative branch, shall locate and provide suitable office
14 space for the operation of the Commission on a non-
15 reimbursable basis. The facilities shall serve as the head-
16 quarters of the Commission and shall include all necessary
17 equipment and incidentals required for the proper func-
18 tioning of the Commission.

19 (e) ADMINISTRATIVE SUPPORT SERVICES AND
20 OTHER ASSISTANCE.—

21 (1) Upon the request of the Commission, the
22 Architect of the Capitol, the Commissioner of Social
23 Security, and the Administrator of General Services
24 shall provide to the Commission on a nonreimburs-



1 able basis such administrative support services as
2 the Commission may request.

3 (2) In addition to the assistance set forth in
4 paragraphs (1) and (2), departments and agencies of
5 the United States may provide the Commission such
6 services, funds, facilities, staff, and other support
7 services as the Commission may deem advisable and
8 as may be authorized by law.

9 (f) USE OF MAILS.—The Commission may use the
10 United States mails in the same manner and under the
11 same conditions as Federal agencies and shall, for pur-
12 poses of the frank, be considered a commission of Con-
13 gress as described in section 3215 of title 39, United
14 States Code.

15 (g) PRINTING.—For purposes of costs relating to
16 printing and binding, including the cost of personnel de-
17 tailed from the Government Printing Office, the Commis-
18 sion shall be deemed to be a committee of the Congress.

19 **SEC. 9. TASK FORCES.**

20 (a) IN GENERAL.—For purposes of making and com-
21 piling recommendations of the Commission for submission
22 to the Congress pursuant to section 5, the Commission
23 shall establish such task forces and designate such depart-
24 ments, agencies, and instrumentalities of the Federal Gov-
25 ernment as it determines necessary or appropriate to ef-



1 fectively obtain the expeditious attainment of the objec-
2 tives specified in section 3.

3 (b) AGENCY COOPERATION.—Each department,
4 agency, and instrumentality designated by the Commis-
5 sion pursuant to subsection (a) in connection with one or
6 more task forces specified in subsection (a) shall assign
7 to the Commission representatives of such department,
8 agency, or instrumentality for service on such task forces.
9 The Commission, and each department, agency, and in-
10 strumentality designated for service on a task force under
11 this section, shall provide such staff and administrative
12 support services to the task force as may be necessary and
13 appropriate, in accordance with procedures which shall be
14 prescribed by the Commission.

15 (c) DUTIES OF TASK FORCES.—The Commission
16 shall assign each task force a deadline for submitting its
17 recommendations to the Commission and shall inform
18 each House of the Congress of the convening of each task
19 force and the deadline assigned to it. Each task force con-
20 vened pursuant to subsection (a) shall, by such date as
21 shall be specified by the Commission, provide the Commis-
22 sion with its recommendations for attaining the goals ad-
23 dressed by the task force, together with appropriate time-
24 tables for achieving such goals.



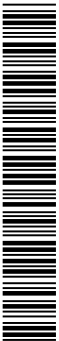
1 (d) SEPARATE REPORTS AND TERMINATION.—Upon
2 submission by each task force of its recommendations to
3 the Commission, the task force shall submit to each House
4 of the Congress a copy of its recommendations to the
5 Commission, and shall thereupon terminate.

6 **SEC. 10. CONGRESSIONAL CONSIDERATION OF REC-**
7 **COMMENDATIONS.**

8 (a) INTRODUCTION OF RECOMMENDATIONS AND
9 COMMITTEE CONSIDERATION.—

10 (1) INTRODUCTION.—The legislative language
11 transmitted pursuant to section 5(b) with the rec-
12 ommendations for reform of the Commission shall be
13 in the form of a bill (in this title referred to as the
14 “reform bill”). Such reform bill shall be introduced
15 in the House of Representatives by the Speaker, and
16 in the Senate, by the Majority Leader, on the first
17 day of session ending after receipt of the language
18 and such reform bill shall be referred to the appro-
19 priate committee of Congress under paragraph (2).
20 If the reform bill is not introduced in accordance
21 with the preceding sentence, the reform bill may be
22 introduced in either House of Congress by any mem-
23 ber thereof.

24 (2) COMMITTEE CONSIDERATION.—



1 (A) REFERRAL.—A reform bill introduced
2 in the House of Representatives shall be re-
3 ferred to the Committee on Ways and Means of
4 the House of Representatives. A reform bill in-
5 troduced in the Senate shall be referred to the
6 Committee on Finance of the Senate.

7 (B) REPORTING.—Not later than 30 days
8 after the introduction of the reform bill, the
9 committee of Congress to which the reform bill
10 was referred shall report the bill or a committee
11 amendment thereto.

12 (C) DISCHARGE OF COMMITTEE.—If the
13 committee to which is referred a reform bill has
14 not reported such reform bill (or an identical
15 reform bill) at the end of 30 calendar days after
16 its introduction or at the end of the first day
17 after there has been reported to the House in-
18 volved a reform bill, whichever is earlier, such
19 committee shall be deemed to be discharged
20 from further consideration of such reform bill
21 and such reform bill shall be placed on the ap-
22 propriate calendar of the House involved.

23 (b) EXPEDITED PROCEDURE.—

24 (1) CONSIDERATION.—



1 (A) IN GENERAL.—Not later than 2 days
2 after the date on which a committee has been
3 discharged from consideration of a reform bill,
4 the Speaker of the House of Representatives, or
5 the Speaker's designee, or the Majority Leader
6 of the Senate, or the Leader's designee, shall
7 move to proceed to the consideration of the
8 committee amendment to the reform bill, and if
9 there is no such amendment, to the reform bill.
10 It shall also be in order for any member of the
11 House of Representatives or the Senate, respec-
12 tively, to move to proceed to the consideration
13 of the reform bill at any time after the conclu-
14 sion of such 2-day period.

15 (B) POINTS OF ORDER WAIVED.—All
16 points of order against the reform bill (and
17 against consideration of the reform bill) are
18 waived.

19 (C) MOTION TO PROCEED.—A motion to
20 proceed to the consideration of the reform bill
21 is highly privileged in the House of Representa-
22 tives and is privileged in the Senate and is not
23 debatable. The motion is not subject to amend-
24 ment, to a motion to postpone consideration of
25 the reform bill, or to a motion to proceed to the



1 consideration of other business. A motion to re-
2 consider the vote by which the motion to pro-
3 ceed is agreed to or not agreed to shall not be
4 in order. If the motion to proceed is agreed to,
5 the House of Representatives or the Senate, as
6 the case may be, shall immediately proceed to
7 consideration of the reform bill without inter-
8 vening motion, order, or other business, and the
9 reform bill shall remain the unfinished business
10 of the House of Representatives or the Senate,
11 as the case may be, until disposed of.

12 (D) LIMITED DEBATE.—Debate on the re-
13 form bill and on all debatable motions and ap-
14 peals in connection therewith shall be limited to
15 not more than the lesser of 100 hours or 14
16 days, which shall be divided equally between
17 those favoring and those opposing the reform
18 bill. A motion further to limit debate on the re-
19 form bill is in order and not debatable.

20 (E) AMENDMENTS.—

21 (i) CONSIDERATION IN THE HOUSE OF
22 REPRESENTATIVES.—Subject to clause
23 (iii), amendments to the reform bill during
24 consideration in the House of Representa-
25 tives shall be limited in accordance with a



1 rule adopted by the Committee on Rules of
2 the House of Representatives.

3 (ii) CONSIDERATION IN THE SEN-
4 ATE.—Subject to clause (iii), amendments
5 to the reform bill during consideration in
6 the Senate shall be limited to—

7 (I) one first degree amendment
8 per member or that member's des-
9 ignee with 1 hour of debate equally di-
10 vided; and

11 (II) germane second degree
12 amendments (without limit) with 30
13 minutes of debate equally divided.

14 (iii) LEADERSHIP AMENDMENTS.—
15 The Speaker of the House of Representa-
16 tives and the Minority Leader of the
17 House of Representatives and the Majority
18 Leader of the Senate and the Minority
19 Leader of the Senate may each offer 1
20 first degree amendment (in addition to the
21 amendments afforded such members under
22 clause (i) or (ii)), with 4 hours of debate
23 equally divided on each such amendment
24 offered. No second degree amendments
25 may be offered by the Speaker of the



1 House of Representatives, the Minority
2 Leader of the House of Representatives,
3 the Majority Leader of the Senate, or the
4 Minority Leader of the Senate in their
5 leadership capacities.

6 (F) VOTE ON FINAL PASSAGE.—Imme-
7 diately following the conclusion of the debate on
8 the reform bill, and on all amendments offered
9 to the reform bill, and all votes required on
10 amendments offered to the reform bill, the vote
11 on final passage of the reform bill shall occur.

12 (G) OTHER MOTIONS NOT IN ORDER.—A
13 motion to postpone consideration of the reform
14 bill, a motion to proceed to the consideration of
15 other business, or a motion to recommit the re-
16 form bill is not in order. A motion to reconsider
17 the vote by which the reform bill is agreed to
18 or not agreed to is not in order.

19 (H) APPEALS.—Appeals from the decisions
20 of the Chair relating to the application of the
21 rules of the House of Representatives or of the
22 Senate, as the case may be, to the procedure re-
23 lating to the reform bill shall be decided with-
24 out debate.



1 (2) CONSIDERATION BY OTHER HOUSE.—If, be-
2 fore the passage by one House of the reform bill
3 that was introduced in such House, such House re-
4 ceives from the other House a reform bill as passed
5 by such other House—

6 (A) the reform bill of the other House shall
7 be subject to the same rules as the rules under
8 this section governing the reform bill introduced
9 in the receiving House; and

10 (B) the procedure in the House in receipt
11 of the reform bill of the other House, with re-
12 spect to the reform bill that was introduced in
13 the House in receipt of the reform bill of the
14 other House, shall be the same as if no reform
15 bill had been received from the other House.

16 Upon passage of a reform bill by either House (or
17 upon adoption of an amendment by either House to
18 a reform bill received from the other House), it shall
19 no longer be in order in the House passing such bill
20 (or amendment) to consider any other reform bill
21 under this section.

22 (3) CONSIDERATION IN CONFERENCE.—

23 (A) CONVENING OF CONFERENCE.—

24 (i) IN GENERAL.—Immediately upon a
25 final passage of the reform bill that results



1 in a disagreement between the two Houses
2 of Congress with respect to the bill, the
3 conferees described in clause (ii) shall be
4 appointed and a conference convened.

5 (ii) CONFEREES DESCRIBED.—The
6 conferees described in this clause are the
7 following:

8 (I) The Speaker of the House of
9 Representatives.

10 (II) The Minority Leader of the
11 House of Representatives.

12 (III) The Majority Leader of the
13 Senate.

14 (IV) The Minority Leader of the
15 Senate.

16 (V) Each member of the Com-
17 mittee on Ways and Means of the
18 House of Representatives.

19 (VI) Each member of the Com-
20 mittee on Finance of the Senate.

21 (B) DEADLINE FOR REPORT.—Not later
22 than 14 days after the date on which conferees
23 are appointed, the conferees shall file a report
24 with the House of Representatives and the Sen-



1 ate resolving the differences between the
2 Houses on the reform bill.

3 (C) LIMITATION ON SCOPE.—A report filed
4 under subparagraph (B) shall be limited to res-
5 olution of the differences between the Houses
6 on the reform bill and shall not include any
7 other matter.

8 (D) HOUSE CONSIDERATION.—

9 (i) IN GENERAL.—Notwithstanding
10 any other rule of the House of Representa-
11 tives, it shall be in order to immediately
12 consider a report of a committee of con-
13 ference on the reform bill filed in accord-
14 ance with subparagraph (B).

15 (ii) DEBATE.—Debate in the House of
16 Representatives on the conference report
17 shall be limited to the lesser of 50 hours
18 or 7 days, equally divided and controlled
19 by the Speaker of the House of Represent-
20 atives and the Minority Leader of the
21 House of Representatives or their des-
22 ignees.

23 (iii) LIMITATION ON MOTIONS.—A
24 motion to further limit debate on the con-
25 ference report is not debatable. A motion



1 to recommit the conference report is not in
2 order, and it is not in order to move to re-
3 consider the vote by which the conference
4 report is agreed to or disagreed to.

5 (iv) VOTE ON FINAL PASSAGE.—A
6 vote on final passage of the conference re-
7 port shall occur immediately at the conclu-
8 sion or yielding back of all time for debate
9 on the conference report.

10 (E) SENATE CONSIDERATION.—

11 (i) IN GENERAL.—The motion to pro-
12 ceed to consideration in the Senate of the
13 conference report shall not be debatable
14 and the reading of such conference report
15 shall be deemed to have been waived.

16 (ii) DEBATE.—Consideration in the
17 Senate of the conference report on a re-
18 form bill shall be limited to the lesser of 50
19 hours or 7 days, equally divided and con-
20 trolled by the Majority Leader and the Mi-
21 nority Leader or their designees.

22 (iii) LIMITATION ON MOTION TO RE-
23 COMMIT.—A motion to recommit the con-
24 ference report is not in order.



1 (4) RULES OF THE SENATE AND HOUSE OF
2 REPRESENTATIVES.—This subsection is enacted by
3 Congress—

4 (A) as an exercise of the rulemaking power
5 of the Senate and House of Representatives, re-
6 spectively, and is deemed to be part of the rules
7 of each House, respectively, but applicable only
8 with respect to the procedure to be followed in
9 that House in the case of a bill, and it super-
10 sedes other rules only to the extent that it is in-
11 consistent with such rules; and

12 (B) with full recognition of the constitu-
13 tional right of either House to change the rules
14 (so far as they relate to the procedure of that
15 House) at any time, in the same manner, and
16 to the same extent as in the case of any other
17 rule of that House.

18 **SEC. 11. TERMINATION.**

19 The Commission shall terminate 30 days after trans-
20 mitting its recommendations pursuant to section 5.

21 **SEC. 12. AUTHORIZATION OF APPROPRIATIONS.**

22 There are authorized to be appropriated such sums
23 as may be necessary for the activities of the Commission.
24 In order to provide funding before funds are otherwise
25 specifically appropriated for such activities, of the



1 amounts appropriated to the Department of the Treasury
2 under the account “Departmental Offices–Salaries and
3 Expenses” there is hereby transferred to the Commission
4 \$2,000,000 for such activities, which amount shall remain
5 available until expended.

