

109TH CONGRESS  
1ST SESSION

# H. R. 41

To establish a commission on tax reform.

---

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

Mr. BARRETT of South Carolina (for himself, Mr. COX, Mr. SIMPSON, Mr. GARRETT of New Jersey, Mr. GREEN of Wisconsin, Mr. WILSON of South Carolina, Mr. CALVERT, Mr. BURTON of Indiana, Mr. BONILLA, Mr. GARY G. MILLER of California, Mr. BARTLETT of Maryland, Mr. PITTS, Mr. DOOLITTLE, Mr. RYUN of Kansas, Mr. CHOCOLA, Mr. FLAKE, and Mr. GOODE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## 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 2005”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1           (1) The current Federal tax system is fun-  
2           damentally defective, economically counter-produc-  
3           tive, and its complexity leads to staggering costs for  
4           taxpayers.

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

14          (3) A major source of complexity is the use of  
15          the Federal tax system to advance social and eco-  
16          nomic policies. Targeted benefits in the form of pref-  
17          erential rates, exclusions, exemptions, deductions,  
18          credits, deferrals and adjustments are examples of  
19          factors that complicate the Internal Revenue Code of  
20          1986.

21          (4) Among the reasons that the Internal Rev-  
22          enue Code of 1986 is considered unfair is its dis-  
23          similar treatment of similarly situated taxpayers and  
24          because those who have the means to afford profes-

1 sional advice are more likely to receive optimal treat-  
2 ment and maximum benefits.

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

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

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

1 dressed through responsible fundamental tax reform.  
2 Despite the fact that a number of viable tax reform  
3 proposals have been offered, a lack of consensus has  
4 blocked progress toward the consideration and en-  
5 actment of an existing or new plan.

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

11 **SEC. 3. OBJECTIVES OF REFORM.**

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

- 15 (1) simple, transparent, and efficient;  
16 (2) fair and equitable to all Americans; and  
17 (3) neutral between different activities and be-  
18 tween current consumption and future consumption.

19 **SEC. 4. ESTABLISHMENT OF COMMISSION.**

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

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

24 (a) RECOMMENDATIONS FOR REFORM.—Not later  
25 than 2 years after the date on which the Commission is

1 established, the Commission shall make specific rec-  
2 ommendations to Congress for reform of the internal rev-  
3 enue laws in a manner that incorporates the objectives of  
4 reform set forth in section 3. The recommendations of the  
5 Commission shall be based on its compilation and rec-  
6 onciliation of the recommendations of the task forces con-  
7 vened by the Commission pursuant to section 9 and shall  
8 provide for such appropriate interagency support and co-  
9 operation as may be necessary to attain such objectives.

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

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

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

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

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

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

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

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

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

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

22          (d) TERMS OF APPOINTMENT.—The members of the  
23 Commission shall be appointed not more than 30 days  
24 after the date of the enactment of this Act. The members

1 of the Commission shall serve for the life of the Commis-  
2 sion.

3 (e) VACANCIES.—A vacancy in the Commission shall  
4 not affect the power of the remaining members to execute  
5 the duties of the Commission but any such vacancy shall  
6 be filled in the same manner in which the original appoint-  
7 ment was made.

8 **SEC. 7. PROCEDURES.**

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

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

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

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

1 **SEC. 8. ADMINISTRATION.**

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

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

13 (c) STAFF AND SUPPORT SERVICES.—

14 (1) STAFF DIRECTOR.—

15 (A) APPOINTMENT.—The Chair in accord-  
16 ance with the rules agreed upon by the Com-  
17 mission shall appoint a staff director for the  
18 Commission.

19 (B) COMPENSATION.—The staff director  
20 shall be paid at a rate not to exceed the rate  
21 established for level V of the Executive Sched-  
22 ule under section 5315 of title 5, United States  
23 Code.

24 (2) STAFF.—The Chair in accordance with the  
25 rules agreed upon by the Commission shall appoint



1 such additional personnel as the Commission deter-  
2 mines to be necessary.

3 (3) APPLICABILITY OF CIVIL SERVICE LAWS.—

4 The staff director and other members of the staff of  
5 the Commission shall be appointed without regard to  
6 the provisions of title 5, United States Code, gov-  
7 erning appointments in the competitive service, and  
8 shall be paid without regard to the provisions of  
9 chapter 51 and subchapter III of chapter 53 of such  
10 title relating to classification and General Schedule  
11 pay rates.

12 (4) EXPERTS AND CONSULTANTS.—With the  
13 approval of the Commission, the staff director may  
14 procure temporary and intermittent services under  
15 section 3109(b) of title 5, United States Code.

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

24 (e) ADMINISTRATIVE SUPPORT SERVICES AND  
25 OTHER ASSISTANCE.—

1           (1) Upon the request of the Commission, the  
2           Architect of the Capitol, the Commissioner of Social  
3           Security, and the Administrator of General Services  
4           shall provide to the Commission on a nonreimburs-  
5           able basis such administrative support services as  
6           the Commission may request.

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

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

19          (g) **PRINTING.**—For purposes of costs relating to  
20          printing and binding, including the cost of personnel de-  
21          tailed from the Government Printing Office, the Commis-  
22          sion shall be deemed to be a committee of the Congress.

23          **SEC. 9. TASK FORCES.**

24          (a) **IN GENERAL.**—For purposes of making and com-  
25          piling recommendations of the Commission for submission

1 to the Congress pursuant to section 5, the Commission  
2 shall establish such task forces and designate such depart-  
3 ments, agencies, and instrumentalities of the Federal Gov-  
4 ernment as it determines necessary or appropriate to ef-  
5 fectively obtain the expeditious attainment of the objec-  
6 tives specified in section 3.

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

19 (c) DUTIES OF TASK FORCES.—The Commission  
20 shall assign each task force a deadline for submitting its  
21 recommendations to the Commission and shall inform  
22 each House of the Congress of the convening of each task  
23 force and the deadline assigned to it. Each task force con-  
24 vened pursuant to subsection (a) shall, by such date as  
25 shall be specified by the Commission, provide the Commis-

1 sion with its recommendations for attaining the goals ad-  
2 dressed by the task force, together with appropriate time-  
3 tables for achieving such goals.

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

9 **SEC. 10. CONGRESSIONAL CONSIDERATION OF REC-**  
10 **COMMENDATIONS.**

11 (a) INTRODUCTION OF RECOMMENDATIONS AND  
12 COMMITTEE CONSIDERATION.—

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

1 introduced in either House of Congress by any mem-  
2 ber thereof.

3 (2) COMMITTEE CONSIDERATION.—

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

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

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

1 (b) EXPEDITED PROCEDURE.—

2 (1) CONSIDERATION.—

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

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

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

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

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

22 (E) AMENDMENTS.—

23 (i) CONSIDERATION IN THE HOUSE OF  
24 REPRESENTATIVES.—Subject to clause  
25 (iii), amendments to the reform bill during

1 consideration in the House of Representa-  
2 tives shall be limited in accordance with a  
3 rule adopted by the Committee on Rules of  
4 the House of Representatives.

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

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

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

16 (iii) LEADERSHIP AMENDMENTS.—  
17 The Speaker of the House of Representa-  
18 tives and the Minority Leader of the  
19 House of Representatives and the Majority  
20 Leader of the Senate and the Minority  
21 Leader of the Senate may each offer 1  
22 first degree amendment (in addition to the  
23 amendments afforded such members under  
24 clause (i) or (ii)), with 4 hours of debate  
25 equally divided on each such amendment



1           offered. No second degree amendments  
2           may be offered by the Speaker of the  
3           House of Representatives, the Minority  
4           Leader of the House of Representatives,  
5           the Majority Leader of the Senate, or the  
6           Minority Leader of the Senate in their  
7           leadership capacities.

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

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

21          (H) APPEALS.—Appeals from the decisions  
22          of the Chair relating to the application of the  
23          rules of the House of Representatives or of the  
24          Senate, as the case may be, to the procedure re-

1           lating to the reform bill shall be decided with-  
2           out debate.

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

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

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

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

24           (3) CONSIDERATION IN CONFERENCE.—

25                   (A) CONVENING OF CONFERENCE.—

1 (i) IN GENERAL.—Immediately upon a  
2 final passage of the reform bill that results  
3 in a disagreement between the two Houses  
4 of Congress with respect to the bill, the  
5 conferees described in clause (ii) shall be  
6 appointed and a conference convened.

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

10 (I) The Speaker of the House of  
11 Representatives.

12 (II) The Minority Leader of the  
13 House of Representatives.

14 (III) The Majority Leader of the  
15 Senate.

16 (IV) The Minority Leader of the  
17 Senate.

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

21 (VI) Each member of the Com-  
22 mittee on Finance of the Senate.

23 (B) DEADLINE FOR REPORT.—Not later  
24 than 14 days after the date on which conferees  
25 are appointed, the conferees shall file a report

1 with the House of Representatives and the Sen-  
2 ate resolving the differences between the  
3 Houses on the reform bill.

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

9 (D) HOUSE CONSIDERATION.—

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

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

24 (iii) LIMITATION ON MOTIONS.—A  
25 motion to further limit debate on the con-

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

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

11         (E) SENATE CONSIDERATION.—

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

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

23           (iii) LIMITATION ON MOTION TO RE-  
24          COMMIT.—A motion to recommit the con-  
25          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.

○