

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

I thank the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

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

The PRESIDING OFFICER. The Senator from Missouri is recognized.

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

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

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

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

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

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

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

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

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

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

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

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

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

fair, and simple tax system for all Americans.

The PRESIDING OFFICER. The Senator from Georgia.

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

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

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### BIPARTISAN CAMPAIGN REFORM ACT OF 1997

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

The assistant legislative clerk read as follows:

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

The Senate proceeded to consider the bill.

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

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

#### PRIVILEGE OF THE FLOOR

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

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

The majority leader is recognized.

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