

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2607, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1998

Mr. DREIER, from the Committee on Rules, submitted a privileged report (Rept. No. 105-315) on the resolution (H. Res. 264) providing for consideration of the bill (H.R. 2607) making appropriations for the government of District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1998, and for other purposes, which was referred to the House Calendar and ordered to be printed.

HOUR OF MEETING ON THURSDAY, OCTOBER 9, 1997

Mr. DREIER. Mr. Speaker, I ask unanimous consent that when the House adjourns today that it reconvene at 9:30 a.m. tomorrow.

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

There was no objection.

THE INTERNAL REVENUE SERVICE CUSTOMER SERVICE IMPROVEMENT ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas [Mr. MORAN] is recognized for 5 minutes.

Mr. MORAN of Kansas. Mr. Speaker, my constituents continually remind me of their frustration with the IRS. Not all the problems taxpayers have with the IRS are making headlines. The kinds of problems my constituents tell me about are less spectacular but no less frustrating. Oliver Wendell Holmes famed the quote, "Taxes are what we pay for a civilized society," but in my opinion, this does not justify the government's collection of taxes in an uncivilized manner.

I have introduced the IRS Customer Service Improvement Act. I have supported the IRS Customer Service Improvement Act legislation addressing numerous taxpayer complaints in dealing with what most Americans consider to be one of the most onerous of all Federal agencies.

For example, I recently spoke with a CPA in Kansas who told me of his many experiences with the IRS. One of his greatest frustrations has always been the ability to reach anyone at the IRS when he had a question he needed answered. Recently, in an attempt to get some simple information, he was forced to assign an employee to staff a phone and wait to connect with an IRS agent. Well, patient paid off Mr. Speaker, and they finally did get through—5 hours later. This is just one example but it is simply unacceptable—and the list goes on.

The IRS Customer Service Improvement Act addresses seven areas of taxpayer concern.

First, it would require the IRS to implement a plan to have all phone calls answered promptly by IRS employees, not machines or voice mail mazes.

Second, the bill would require all letters and notices mailed out by the IRS to be signed by an IRS employee. Too often notices are mailed out, sometimes in error, to taxpayers who then have to sort out what their mistake was and what they need to do about it.

I hear this complaint repeatedly. And while we expect taxpayers to be accountable; IRS agents should be as well.

Third, the bill would equalize the interest rate you pay the IRS for underpayments, making it equal to the interest that the IRS owes from you for overpayments.

Currently, the IRS holds an unfair advantage.

Fourth, one of the really discouraging revelations of the oversight hearings has been the IRS's preference for targeting taxpayers who do not have the resources to defend themselves from audits.

The IRS Customer Service Improvement Act would address these injustices by shortening the period of limitations the IRS must meet to assess additional taxes on returns filed by middle-and low-income taxpayers. Current limitations allow the IRS to find errors on three-year-old returns that can snowball into 3 years' worth of penalties and interest for people who cannot afford to fight. The new limitation would not apply to fraudulent returns, so those who do, in fact, cheat would not be protected.

Fifth, simple mathematical and clerical errors should not lead to large, unexpected penalties. This bill would require the IRS to notify taxpayers of mathematical or clerical errors in their returns within 6 months. Late notice would cancel penalty and interest.

Six, taxpayers would have the opportunity to correct their errors quickly, within 60 days, without facing penalties. Most Americans are more than willing to make good on simple mistakes if given the opportunity.

Seventh, the bill would include a provision that makes electronic filing of taxes voluntary for small business.

[The Taxpayer Relief Act of 1997 included a 1-year delay in the enforcement of mandatory electronic filing, but this provision, like the bill sponsored by the gentleman from Washington [Mr. HASTINGS], makes the exemption permanent.]

Make no mistake, this legislation is certainly not a substitute for full-scale, long-term tax reform, which should be the goal of this body. If these provisions are successful in making the IRS more accessible and fair, it still would not change the fact that the U.S. Tax Code is far too complex and takes too much money out of the hands of working families.

Until the day that wholesale tax reform is in place, the American people will be forced to continue to deal with the IRS every day. With this bill we can help level the playing field for taxpayers, while making the IRS more accountable and accessible. If you want to remind the IRS what the "S" in its name stands for, please join me in supporting this bill.

I would now like to further elaborate on how our tax code in all its complexity, negatively weaves its way into all our lives. While acknowledging the fact that we must have some capability of collecting taxes, we must pursue avenues by which we do so more efficiently and accurately. Further we must leave behind what is perceived as a cold, heartless bureaucracy that cares little of the frustration and devastation it places upon those the IRS purports to serve: the American Taxpayers.

Mr. Speaker, I quote, "The purpose of the Internal Revenue Service is to collect the proper amount of tax revenue at the least amount of cost, serve the public by continually improving the quality of our products and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency, and fairness."

Does this statement accurately reflect your view of the IRS? If you are like most Americans, probably not. However, this is the actual mission statement that guides the IRS in serving the American people.

With businesses throughout our Nation constantly reevaluating and retooling their efforts in improving customer services, too often our Federal Government remains unresponsive and behind the curve in serving its clients—the American taxpayers. Nowhere in government is this more frustrating or directly touches more lives than when dealing with the IRS.

Recently this Congress passed some healthy tax relief. In general, my constituents viewed this very positively. However, they also expressed justifiable criticism that the tax relief provisions that were passed further complicated an already complex Tax Code.

And while I agree, we must observe that this is the absurdity of the present tax code: to even cut taxes we must complicate the tax code further.

Mr. Speaker, let us look at some notable statistics involving the Internal Revenue Service: The IRS is twice as big as the CIA and five times the size of the FBI, with over 100,000 employees who control more information about individual Americans than any other agency. Currently there are 480 separate IRS tax forms. Over 10 million correction notices are sent out each year. Small businesses spend \$4 dollars in compliance for every \$1 dollar they actually pay in taxes to the IRS. Individuals and businesses spend at least 5.4 billion hours a year figuring out their taxes, more man-hours than we spend building every car, truck, and airplane manufactured in America. It is estimated that we spend between \$200 and \$300 billion each year paying others to complete their complex tax forms for them. According to the IRS, in 1995, 2.1 million tax returns were audited at a cost to the IRS of nearly \$1 billion dollars.

The IRS has spent \$4 billion dollars on upgrading its computer system that it now admits doesn't work. According to a recent General Accounting Office report that the IRS could not account for \$216 billion in delinquent taxes in 1996. Other comprehensive GAO audits have shown consistently that the IRS cannot even balance its own financial books. Again, the agency charged with the collection and accounting of the nation's tax revenues has consistently failed to balance its own books.