employer matching contributions made under any qualified plan.

The provision would be effective for plan years beginning after December 31, 1998.

Section 6A. Pension Right to Know Proposals

This provision would modify current law with respect to a written waiver of a survivor annuity. Under current law, the plan participant (not the spouse) is provided with a written explanation of the terms and conditions of the survivor benefit. This provision would require that the same written information provided to the plan participant also is provided to the spouse. This would help the spouse to fully understand both his or her rights under the plan, and the full implication of a waiver of those rights.

This provision would be effective for plan years beginning after December 31, 1998.

Section 6B. Right to Know Pension Plan Distribution Information

This provision would require employers who use any one of the 401(k) safe harbor plan designs to provide employees with sufficient notice that would afford them the real opportunity to make an informed decision regarding electing to contribute (or modify a prior election) to the employer-sponsored plan. The employee would be provided at least a 60-day period before the beginning of each year and a 60-day period when he or she first becomes eligible to participate. In addition, the current requirement that employers notify eligible employees of their rights to make contributions, as well as notify them of the employer contributions formula being used under the plan, would be modified to require that such notice be given within a reasonable period of time before the 60-day period, rather than before the beginning of the year.

This provision would be effective for plan years beginning after December 31, 1998.

Section 7. Mandatory 1 Percent Employer Contribution required under alternative methods of meeting nondiscrimination requirements for 401(k) plans

This section modifies the section 401(k) matching formula safe harbor by requiring that, in addition to the matching contribution, employers would make a contribution of 1 percent of compensation for each eligible nonhighly compensated employee, regardless of whether the employee makes elective contributions. This contribution shows the value of tax-deferred compounding. This provision would not apply where the employer uses the safe harbor design under which the employer contributes 3 percent of compensation on the behalf of each eligible employee without regard to whether the employee makes an elective contribution.

This provision would be effective for plan years beginning after December 31, 1998.

Section 8. Definition of Highly Compensated Employees

Under current law, a highly compensated employee is defined as an employee who was a five percent owner of the employer at any time during the proceeding year, or had compensation of $80,000, and if the employer elects was in the top-paid group of employees for the preceding year. An employee is in the top-paid group if the employee was among the top 20 percent of employees of the employer when ranked on basis of compensation paid to employers in previous years. This section eliminates the top-paid group from the definition highly compensated employee. Thus, the level of compensation earned or ownership determine whether the employee is highly compensated.

This provision would be effective for plan years beginning after December 31, 1998.

Section 9. Treatment of Multiemployer Plans Under Section 415

This section would repeal the 100 percent-of-compensation limit, but not the $130,000 limit for such plans, and exempts certain survivor and disability benefits from the adjustments for early commencement and participation and service of less than 10 years.

This provision would be effective for plan years beginning after December 31, 1998.

Section 10. Full Funding Limitation for Multiemployer Plans

This Section would eliminate the limit on deductible contributions based on a specified percentage of current liability. The annual deduction for contributions to such a plan would be limited to the amount by which the plan's accrued liability exceeds the value of the plan's assets.

This provision would be effective for plan years beginning after December 31, 1998.

Section 11. Elimination of Partial Termination Rules for Multiemployer Plans

Under current law, when a qualified retirement plan is terminated, all plan participants are required to become 100 percent vested in their accrued benefits to the extent those benefits are funded. In the case of certain ''partial termination'' that is not actual plan termination, all affected employees must become 100 percent vested in their benefits accrued to the date of the termination, to the extent the benefits are funded. Partial terminations generally occur when there is a significant reduction in workforce covered by the plan. This section repeals the requirement that affected participants become 100 percent vested in their accrued benefits upon the partial termination of qualified multiemployer retirement plans.

This provision would be effective for partial termination beginning after December 31, 1998.

REFORM OF THE IRS

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 1, 1998

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, though the federal government does few things well, when it comes to collecting taxes, the Internal Revenue Service (IRS) is a proficient, ruthless, and relentless agency squeezing every subject for the government's due, and then some.

Last month the president called ''irresponsible'' and ''reckless'' the several efforts by Republicans in Congress to reign in the IRS. These reforms entail restoring taxpayer rights, curbing IRS abuses, and ultimately rebuilding a sense of fairness in America's tax policy.

Furthermore, Congressional reformers are seeking to turn the tables on the IRS by burdening the bureaucracy with justifying its policies before proceeding on its confiscatory mission.

The debate in Washington, D.C. is centered on the differences between those who demand dramatic improvements and those content to merely tinker with the tax code.

Meanwhile, Americans will spend a combined 5½ billion hours this year working to comply with our current tax system.

April is tax month, a time to reflect on the financial cost of citizenship. The federal budget tops $1.7 trillion this year.

In spite of the Capitol Hill hoopla about a supposed federal budget surplus, the total federal debt has recently surpassed $5.5 trillion and continues to grow. In fact, during the time separating the delivery of President Clinton's 1997 State of the Union address and his 1998 version, the debt grew an incredible $185 billion!

The IRS employs 114,000 agents who churn out eight billion pages of forms and instructions mailed to Americans every year. Even the simplest form, the 1040 EZ, has 33 pages of fine-print instructions. Over 300,000 trees were harvested just to produce the paper for these missives.

In Congress, I've joined the growing crowd calling for wholesale reform of the IRS. For example, I'm backing efforts to repeal the death tax (estate tax), to abolish the marriage penalty, and to further eliminate taxes which discourage investment and savings.

I'm also calling for a sunset of the IRS tax code by December 31, 2001. This unprecedented act would force the IRS and Congress to agree on a fair, simpler tax law. The ''sunset'' provision would answer the customary political gridlock in Congress with the promise to pull the IRS out by its roots until leaders can agree to put taxpayers ahead of bureaucrats.

Taxation is unavoidable. However, tax fairness and simplicity are features upon which Americans should insist.

CAMPAIGN REFORM AND ELECTION INTEGRITY ACT OF 1998

SPEECH OF

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 30, 1998

Mr. KENNEDY of Massachusetts. Madam Speaker, for months, Members on both sides of the aisle have worked to craft meaningful campaign finance reform. But the Republican leadership's decision last Friday to bring campaign finance reform to the Floor under suspension of the rules has made it clear they are not interested in debating, and passing, true campaign finance reform. This biased procedure stifles debate, precludes the opportunity to offer amendments and prohibits the consideration of the Shays-Meehan proposal—a true reform bill, which bans soft money in federal election years.

In addition, the Republican leadership's tactic of breaking up the Thomas bill into three more bills under suspension of the rules doesn't soften the blow in denying the House the opportunity to debate, and amend, campaign finance reform legislation.

Instead, the Republican leadership is offering an umbrella measure, HR 3485, that is so loaded with poison provisions that it is doomed to failure. I am particularly appalled that the bill before the House contains the exact language of the Voter Eligibility Verification Act which this House rejected last month by a vote of 210–200.

Back in the '60s, many of the Freedom Riders lost their lives for civil rights, including the right to vote. The voter eligibility provisions of this bill would take us back in time before the National Voting Rights Act was enacted. It clearly discriminates against the poor, senior citizens, African Americans and Hispanics.

On Election Day around this nation, local voter registration offices recruit people to work