Tax Code, one for higher education and access to college education, and another for corporate executives who want to discount their corporate jet use. So when it comes to complexity, I am glad that the gentleman is still working on simplification; but since 1995, they have been in control, and they have had many opportunities to reduce and simplify the code; and they have made it more complicated, more difficult for middle-class families, while they have alleviated the burden for the wealthy and the special interests in this town.

Mr. SANDLIN. Mr. Speaker, I yield myself as much time as I consume.

In 1996, then-Speaker Newt Gingrich stated the Tax Code over the years has become increasingly politicized and is seen less as a simple tool for raising revenues than as an instrument for social and economic engineering, exponentially increasing the complexity of the code.

The current system is indefensible. Clearly, the small business community in America has been subject to more tax law complexity year after year. For example, the Small Business Job Protection Act of 1996 makes 657 Tax Code changes which expanded the Tax Code by more than 50 pages. The Jobs and Growth Tax Relief Act of 2003 made 51 Tax Code changes and expanded the Tax Code by 12 pages. The IRS estimates that the average taxpayer with self-employed status has the greatest compliance burden in terms of preparation, 59 hours. And this is about 10 hours longer than in 1994.

Even the House-passed version of the FSC/ETI bill from this year has 109 tax changes. This will encompass at least 200 additional Tax Code lines and at least 50 new pages of statutory language and footnotes.

Mr. Speaker, America's small businesses are the engine powering the largest, most robust and most innovative economy in the world. They deserve a more meaningful effort by this Congress to ensure that valuable time and resources are better invested in the success of their business and not wasted in preparation of returns and to make sure that our business people, entrepreneurs, are not raked over the coals by a Tax Code that requires a lawyer, a CPA and a computer programmer to understand it. We can and must do better by our small business men and women and individuals in this country.

Mr. Speaker, again, I am proud to support and cosponsor this fabulous piece of legislation. I urge my colleagues to join with me in casting a vote for small business owners and their employees across this Nation. At the same time, however, I am hopeful that this legislation is the beginning of meaningful reform and not the end of the line.

Mr. Speaker, I yield back the balance of my time.

Mr. PORTMAN. Mr. Speaker, I think this has been a helpful debate to talk about the need for simplification. I am glad to see some of my colleagues on the other side of the aisle are agreeing with us with regard to this underlying legislation with regard to small businesses but also with the need to simplify our code. We have taken steps to simplify, and we need to continue to do that.

It is on the heels of major tax relief in 2001, 2002, and 2003 this administration inherited a failing economy, moving into recession. Then the tragedy of 9/11, the shock of the corporate scandals, the stock market boom busting, a lot of challenges to our economy. And our first focus was economic recovery; and, therefore, the stimulus and the economic recovery tax legislation provided needed tax relief to small businesses, to families, and to individuals around this country.

Now we are focused on that, as well as simplification; and it is very important given the fact that we do have an increasingly complex Tax Code and that the burden of compliance with that code is greater and greater, that we on a bipartisan basis focus on this compliance cost and, therefore, on simplifying the code.

Before us today we have a great piece of legislation. It is not the silver bullet, does not do it all; but it helps and it tells small businesses that if they want to go out there and buy new equipment to be able to expand their plant, to hire new people, to keep this economy moving, we are adding jobs, we have economic growth that is the best we have had in 20 years in this country, that we will enable them to write off $100,000 worth of new purchases rather than $25,000 worth of new purchases.

We are telling them that businesses that are a little bit smaller than the very smallest businesses would be able to take advantage of this as well by being sure that the definition of what businesses can qualify is expanded.

Now, this is good legislation. We are also telling small businesses they can use the cash accounting method, which saves them money, which saves them complexity in not having to hire accountants and additional professionals, rather than going to the accrual method. So we are saying we are going to index that to inflation to help small businesses. And, finally, we are saying that our Tax Code has too many provisions that are no longer relevant, deadwood provisions that cause complexity and confusion. We are going to get rid of those provisions in the code, particularly as they affect small businesses.

So, again, I commend my colleague from Illinois for bringing this legislation before us today. This is the first step in a long march towards simplifying our Tax Code, and I would hope that we will have support across the board on a bipartisan basis for this legislation.

Mr. BARRETT of South Carolina. Mr. Speaker, I rise in strong support of H.R. 4840 which encourages investment and simplifies bookkeeping and tax reporting requirements for small business owners. This legislation will not only allow small businesses to continue to expense $100,000 instead of dropping back down to $25,000, but will also allow more small businesses to be eligible.

We should be encouraging small businesses to buy technology, machinery, and other equipment so they can expand their businesses and in turn create more jobs. H.R. 4840 removes some of the redtape that increases the cost of doing business.

Mr. Speaker, it is the private sector, the small businesses throughout the Nation that create jobs, wealth and innovation. In fact, small businesses are responsible for creating two out of every three net new jobs.

Low taxes and sensible regulations are essential to helping the 25 million small businesses in America; that's why I urge my colleagues to vote in favor of H.R. 4840.

Mr. PORTMAN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Ohio (Mr. PORTMAN) that the House suspend the rules and pass the bill, H.R. 4840.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. SANDLIN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

## TAX SIMPLIFICATION FOR AMERICANS ACT OF 2004

Mr. PORTMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4841) to amend the Internal Revenue Code of 1986 to simplify certain tax rules for individuals, as amended.

The Clerk read as follows:

H.R. 4841

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Tax Simplification for Americans Act of 2004''.

**SEC. 2. HEAD OF HOUSEHOLD FILING STATUS CHANGED TO SINGLE HEAD OF HOUSEHOLD.**

(a) IN GENERAL.—The following provisions of the Internal Revenue Code of 1986 are each amended by striking ''head of a household'' each place it appears and inserting ''single head of household'':

(1) Subsection (b) of section 1.

(2) Paragraphs (1) and (3) of section 2(b).

(3) The table in section 25B(b).

(4) Clause (iii) of section 151(c)(6)(B).

(5) Clauses (ii) and (iii) of section 151(d)(3)(C).

(6) Subparagraph (A) of section 6012(a)(1).

(b) OTHER CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 63(c)(2) of such Code is amended by striking ''head of household'' and inserting ''single head of household''.

(2) Section 1 of such Code is amended—

(A) in the heading for subsection (b) by inserting ''SINGLE'' before ''HEADS'' ,

(B) in subsection (c) by inserting ''single'' before ''head'', and

(C) in the heading of subsection (c) by inserting ''SINGLE'' before ''HEADS''.

(3) The heading for section 2(b) of such Code is amended to read as follows: ''DEFINITION OF SINGLE HEAD OF HOUSEHOLD''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

**SEC. 3. EXPANDED AVAILABILITY OF 1040EZ AND 1040A.**

(a) IN GENERAL.—Chapter 77 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

**''SEC. 7529. DOLLAR THRESHOLD FOR THE USE OF FORMS 1040EZ AND 1040A.**

''(a) IN GENERAL.—An individual shall not be ineligible to use Form 1040EZ and Form 1040A for filing individual income tax returns on the basis of—

''(1) the amount of the taxpayer's taxable interest income, or

''(2) the amount of the taxpayer's taxable income,

so long as the taxpayer's taxable income does not exceed $100,000.

''(b) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2004, the $100,000 dollar amount in subsection (a) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2003' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 of such Code is amended by adding at the end the following new item:

''Sec. 7529. Dollar threshold for the use of forms 1040EZ and 1040A.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

**SEC. 4. SIMPLIFICATION THROUGH ELIMINATION OF INOPERATIVE PROVISIONS.**

(a) IN GENERAL.—

(1) ADJUSTMENTS IN TAX TABLES SO THAT INFLATION WILL NOT RESULT IN TAX INCREASES.—Paragraph (7) of section 1(f) of the Internal Revenue Code of 1986 is amended to read as follows:

''(7) SPECIAL RULE FOR CERTAIN BRACKETS.—In prescribing tables under paragraph (1) which apply to taxable years beginning in a calendar year after 1994, the cost-of-living adjustment used in making adjustments to the dollar amounts at which the 36 percent rate bracket begins or at which the 39.6 percent rate bracket begins shall be determined under paragraph (3) by substituting '1993' for '1992'.''.

(2) EARNED INCOME CREDIT.—Paragraph (1) of section 32(b) of such Code is amended—

(A) by striking subparagraphs (B) and (C), and

(B) in subparagraph (A) by striking ''(A) IN GENERAL.—In the case of taxable years beginning after 1995'' and moving the table 2 ems to the left.

(3) ANNUITIES; CERTAIN PROCEEDS OF ENDOWMENT AND LIFE INSURANCE CONTRACTS.—Section 72 of such Code is amended—

(A) in subsection (c)(4) by striking ''; except that if such date was before January 1, 1954, then the annuity starting date is January 1, 1954'', and

(B) in subsection (g)(3) by striking ''January 1, 1954, or'' and '', whichever is later''.

(4) ACCIDENT AND HEALTH PLANS.—Section 105(f) of such Code is amended by striking ''or (d)''.

(5) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106(c)(1) of such Code is amended by striking ''Effective on and after January 1, 1997, gross'' and inserting ''Gross''.

(6) CERTAIN COMBAT ZONE COMPENSATION OF MEMBERS OF THE ARMED FORCES.—Subsection (c) of section 112 of such Code is amended—

(A) by striking ''(after June 24, 1950)'' in paragraph (2), and

(B) striking ''such zone;'' and all that follows in paragraph (3) and inserting ''such zone.''.

(7) PRINCIPAL RESIDENCE.—Section 121(b)(3) of such Code is amended—

(A) by striking subparagraph (B), and

(B) in subparagraph (A) by striking ''(A) IN GENERAL.—'' and moving the text 2 ems to the left.

(8) CERTAIN REDUCED UNIFORMED SERVICES RETIREMENT PAY.—Section 122(b)(1) of such Code is amended by striking ''after December 31, 1965,''.

(9) MORTGAGE REVENUE BONDS FOR RESIDENCES IN FEDERAL DISASTER AREAS.—Section 143(k) of such Code is amended by striking paragraph (11).

(10) STATE LEGISLATORS' TRAVEL EXPENSES AWAY FROM HOME.—Paragraph (4) of section 162(h) of such Code is amended by striking ''For taxable years beginning after December 31, 1980, this'' and inserting ''This''.

(11) HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—Paragraph (1) of section 162(l) of such Code is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.''.

(12) INTEREST.—

(A) Section 163 of such Code is amended—

(i) by striking paragraph (6) of subsection (d), and

(ii) by striking paragraph (5) of subsection (h).

(B) Section 56(b)(1)(C) of such Code is amended by striking clause (ii) and by redesignating clauses (iii), (iv), and (v) as clauses (ii), (iii), and (iv), respectively.

(13) AMOUNTS RECEIVED BY SURVIVING ANNUITANT UNDER JOINT AND SURVIVOR ANNUITY CONTRACT.—Subparagraph (A) of section 691(d)(1) of such Code is amended by striking ''after December 31, 1953, and''.

(14) INCOME TAXES OF MEMBERS OF ARMED FORCES ON DEATH.—Section 692(a)(1) of such Code is amended by striking ''after June 24, 1950''.

(15) TAX ON NONRESIDENT ALIEN INDIVIDUALS.—Subparagraph (B) of section 871(a)(1) of such Code is amended to read as follows:

''(B) gains described in subsection (b) or (c) of section 631,''.

(16) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—Subsection (a) of section 1401 of such Code is amended by striking ''the following percent'' and all that follows and inserting ''12.4 percent of the amount of the self-employment income for such taxable year.''.

(17) HOSPITAL INSURANCE.—Subsection (b) of section 1401 of such Code is amended by striking ''the following percent'' and all that follows and inserting ''2.9 percent of the amount of the self-employment income for such taxable year.''.

(18) MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—Paragraph (3) of section 1402(e) of such Code is amended by striking ''whichever of the following dates is later: (A)'' and by striking ''; or (B)'' and all that follows and inserting a period.

(19) WITHHOLDING OF TAX ON NONRESIDENT ALIENS.—The first sentence of subsection (b) of section 1441 of such Code and the first sentence of paragraph (5) of section 1441(c) of such Code are each amended by striking ''gains subject to tax'' and all that follows through ''October 4, 1966'' and inserting ''and gains subject to tax under section 871(a)(1)(D)''.

(20) RETIREMENT.—Section 7447(i)(3)(B)(ii) of such Code is amended by striking ''at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter'', and inserting ''at 3 percent per annum''.

(21) ANNUITIES TO SURVIVING SPOUSES AND DEPENDENT CHILDREN OF JUDGES.—

(A) Paragraph (2) of section 7448(a) of such Code is amended by striking ''or under section 1106 of the Internal Revenue Code of 1939'' and by striking ''or pursuant to section 1106(d) of the Internal Revenue Code of 1939''.

(B) Subsection (g) of section 7448 of such Code is amended by striking ''or other than pursuant to section 1106 of the Internal Revenue Code of 1939''.

(C) Subsections (g), (j)(1), and (j)(2) of section 7448 of such Code are each amended by striking ''at 4 percent per annum to December 31, 1947, and at 3 percent per annum thereafter'' and inserting ''at 3 percent per annum''.

(b) EFFECTIVE DATE.—

(1) GENERAL RULE.—Except as otherwise provided in paragraph (2), the amendments made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SAVINGS PROVISION.—If—

(A) any provision amended or repealed by subsection (a) applied to—

(i) any transaction occurring before the date of the enactment of this Act,

(ii) any property acquired before such date of enactment, or

(iii) any item of income, loss, deduction, or credit taken into account before such date of enactment, and

(B) the treatment of such transaction, property, or item under such provision would (without regard to the amendments made by subsection (a)) affect the liability for tax for periods ending after such date of enactment,

nothing in the amendments made by subsection (a) shall be construed to affect the treatment of such transaction, property, or item for purposes of determining liability for tax for periods ending after such date of enactment.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Texas (Mr. SANDLIN) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. PORTMAN).

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of the legislation. This is introduced by my friend and our colleague, the gentleman from Georgia (Mr. BURNS). This legislation clears up a number of issues that affect the Tax Code and its complexity as it relates to individuals as compared to small businesses. So it is a natural companion piece of legislation to the legislation that we had before us a moment ago on this floor.

Studies have shown that individual taxpayers now spend over 3 billion

hours per year complying with our Tax Code, filling out tax returns, keeping records and so on, and that cost of compliance, as we talked about in the earlier debate, is now exceeding $85 billion a year.

□ 1530

This bill is not the sales tax bill. It is not the flat tax bill. It is not the panacea. It is not the silver bullet, but it is an important and very valuable contribution to the effort of simplifying the Tax Code for individuals.

Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia (Mr. BURNS).

Mr. BURNS. Mr. Speaker, I thank the gentleman from Ohio (Mr. PORTMAN) for yielding me time. I thank the committee for allowing me to bring this legislation to the floor today.

This is common-sense legislation. It does something positive for America's working families. H.R. 4841, the Tax Simplification for Americans Act will clear up a number of confusing issues that ordinary people, people like you and people like me, struggle with as they prepare their tax forms and begin to pay their taxes.

H.R. 4841 does several things for the taxpayer. It widens access to the time-saving forms of 1040A and 1040EZ. It clarifies confusing issues in the Tax Code, and it eliminates a number of outdated and unnecessary provisions.

My bill will benefit working families. It will save them both time and money.

Mr. Speaker, the Joint Committee on Taxation concluded that this bill will have only negligible effects on revenues. H.R. 4841 permits more taxpayers the opportunity to use the simpler 1040A and 1040EZ for their filing. Taxpayers with up to $100,000 of taxable income will be able to use these time-saving forms. The previous cap, Mr. Speaker, was $50,000 set in 1982, 2 decades ago, over 2 decades ago with no adjustments for inflation.

Over time the old Tax Code has forced nearly 2 million taxpayers, 2 million taxpayers out of being able to use this simplified, time-saving short form. The new limit that this bill provides is for $100,000 and will be indexed for inflation so this body will not have to again address the issue of a 1040EZ or a 1040A. We are going to allow more taxpayers to use these time-saving forms.

Another provision of the bill will allow the taxpayer who has interest income of more than $1,500 to also use the 1040EZ subject to certain IRS requirements to report the services on those interest incomes.

The IRS has concluded that it takes 28 hours of taxpayer time to prepare a 1040, 28 hours, as compared to 4 hours for a 1040EZ. So the challenge we face is, let us simplify the Tax Code; let us allow more Americans to use the 1040A and the 1040EZ. The changes will allow over 1.6 million taxpayers to file these simple forms.

The other thing this bill does is it provides for elimination of some deadwood provisions, those provisions that are needlessly complicating our Tax Code, and they are obscuring the true meaning of the tax laws. So we need to take the opportunity, while we are increasing the limit on the use of the 1040EZ, to eliminate some of these deadwood provisions.

The tax burdens on Americans is great, and it is as much about how we pay taxes as the amount of taxes we pay. This bill makes it a little easier and a little simpler for Americans to pay their taxes. It is common-sense legislation. It restores reason to the taxable income limits for 1040A and the 1040EZ use. It clarifies confusion in the Tax Code, and it removes deadwood.

Mr. Speaker, I cannot imagine anyone opposing common-sense tax simplification, and I want to urge all of my colleagues to support this bill today.

Mr. SANDLIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, again I want to restate my commitment to reform our Tax Code in ways that meaningfully benefit America's working families. While I support this bill, I am afraid that we missed an opportunity. H.R. 4841 offers little meaningful benefit. It is, as we say in Texas, all sizzle and no steak.

In effect, the bill before the House does three things, only one of which provides any real benefit to the American taxpayer; and even that particular change does not require any legislative action by this body. The IRS could accomplish that same result by regulation.

First, under the current law there is special filing status for heads of households. The bill before us does not change the criteria for qualifying for that filing status, but simply inserts the term ''single'' before ''head of household.''

This decision or provision does not change or simplify anything. Indeed, it may create some confusion because some individuals who are legally married under State law, but otherwise considered unmarried qualify for head-of-household status. For example, a spouse living apart with children can qualify for head-of-household status even though that spouse is married.

Second, the bill would make the form 1040EZ and form 1040A short forms available for individuals with incomes up to $100,000; currently, the limit is $50,000. Also, the bill allows the filer to have more than $1,500 in interest income. There is no question but that this change is useful, particularly as individual incomes rise in concert with inflation. Nevertheless, this change does not require an act of Congress. The IRS is fully empowered to make tax form revisions without additional legislation.

Finally, the bill purports to repeal some deadwood language on the Tax Code on the grounds that the language has no legal effect. However, the majority apparently is uncertain that all of the provisions no longer have effect. Therefore, the bill includes a savings clause. The savings clause in effect reenacts the repeal provisions if it turns out that anyone would benefit from the provisions in the future. Once again, it is all sizzle and no steak.

Mr. Speaker, we need real reform. We need real simplification. The bill may be entitled and named ''The Tax Simplification for Americans Act of 2004,'' but adding one modifier to the head of household's filing status provision has no effect and may, in fact, be contrary to the stated purpose and introduce confusion rather than clarity. Moreover, changing legislatively what can be accomplished through agency action does not serve meaningfully to simplify an onerously complex Tax Code.

Mr. Speaker, the legislation before the House today is simplification in name only. We can and must do better in this House.

Mr. Speaker, I reserve the balance of my time.

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I appreciate my colleague from Texas indicating that he is not supportive of these simplifications. But I would say that if we use the argument that we do not need to legislate because it can be done administratively, then we will have a lot of problems in our tax administration system because all that the IRS has the power to do, a lot of the things that we have done in this Chamber, including many of the reforms we did in 1996 when we totally restructured the IRS, we would be waiting forever sometimes.

The gentleman from New York (Mr. HOUGHTON) is retiring from this Congress. We want to get this done before he leaves. The IRS has had since 1982 to make these changes on the 1040EZ and the 1040A, and they have certainly had over the last decade as it has been increasingly evident that they have not adjusted the level for inflation, and we want taxpayers to be able to use this simpler form if they can.

So the argument that they can do it administratively at the IRS and, therefore, we should not touch it seems to me to be an unusual one when there is, as in this case, such an urgent need to make the change.

So I do think the legislation before us is important. I also think that the 6 million Americans, estimated by the IRS by the way, who make a mistake on their filing status because they think that ''head of household'' is folks who are exclusively married, ''head of household'' is the change that we make in this legislation, to say that that is not a change that is meaningful, I think is inaccurate because those 6 million people by indicating the wrong filing status get in trouble with the IRS.

Some of them get audited because of that. That causes enormous problems for those taxpayers, particularly low-income taxpayers who do not have the

professional help to be able to deal with these audits. It also causes tremendous downstream costs to the IRS as they try to untangle the mess that sometimes occurs when somebody chooses the wrong filing status.

So I think this legislation is important. I think it is good legislation. Again, it is not everything. It is not meant to be everything. But I do not think it should be legislation that is not supported by the other side of the aisle.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. HOUGHTON), the chairman of the Subcommittee on Oversight. He has devoted himself to simplification. It is his legislation in terms of international tax simplification that has really been at the forefront on a bipartisan basis over the last several years.

Mr. HOUGHTON. Mr. Speaker, I particularly want to thank the gentleman from Georgia (Mr. BURNS) for this legislation. I really think it is important.

We can argue whether it is enough or not. Simplification is an ongoing process. It is never over; it just goes on and on and on. And this is not perfect, but it is one element that I think is important and we ought to pass it.

This bill contains an exception to the rule of tax simplification not being simple. It is one simple change that would benefit 19 million individual taxpayers. So let me try to explain.

Over a million taxpayers call the IRS's toll free help line each year with questions about the filing status of dependents. One of the first questions they ask is, Does ''head of household'' mean what it means? What is the filing status and do I qualify? So certainly if you are married, the answer is no. But it is no wonder taxpayers are confused because if you are married, generally the filing is of a joint return.

So here is an example of a phrase commonly misunderstood, meaning head of one's household. And that has been appropriate for years in the Tax Code. And it would be fine if the popular meaning of the phrase it was attached to had the same meaning, but sadly, they are different.

In fact, taxpayers are so likely to be confused, as the gentleman from Ohio (Mr. PORTMAN) said, 6 million choose this filing status in error each year.

Now, I do not want to get into a word game, but changing the name ''head of household'' to ''single head of household'' is going to provide some clarification. The change will alert filers that the favorable rate structure is for single taxpayers or those considered single under the special rules for married taxpayers who are separated.

It will also make clear to single and long-term separated taxpayers that they might qualify if they maintain a home for a dependent child or a retired parent.

I am pleased to say that this builds on legislation that I introduced in April to rename the Head of Household filing status, the Filing Status Simplification Act.

This proposal is strongly supported by the National Taxpayer Advocate who writes that the proposal inserting the word ''single'' before the ''head of household'' is going to clarify the law for many married taxpayers who do not really understand this term.

I urge my colleagues to support this common-sense change that will help millions of taxpayers each year.

Mr. SANDLIN. Mr. Speaker, I yield 7 minutes to the gentleman from Massachusetts (Mr. NEAL).

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Mr. Speaker, I think everybody in this institution knows the high personal regard in which we hold the gentleman from New York (Mr. HOUGHTON), and we certainly regret that he is moving on to other things.

That applause there was singular.

Mr. Speaker, there is another issue that draws us to this floor today, and I have heard the gentleman from Ohio (Mr. PORTMAN) is a good enough guy. He said a couple of times today, he said, Well, this is not a silver bullet.

Well, when I was a kid, if my father was witnessing something that he thought was particularly outrageous or he was looking at some sort of a question that he thought lacked proper definition, he would say, Well, at least Jesse James had the honor to wear a mask. And when I hear these folks on the other side come to the floor today and talk about simplification, it is outrageous.

Let me remind Members of this body that in 1994 the chairman of the Committee on Ways and Means said emphatically he was going to ''pull the Tax Code up by its roots.'' Then, of course, the charade was perpetrated on the rest of the committee when others said, Well, not to be outdone, we are going to drive a stake through the heart of the Tax Code. And then another one said, Well, we are going to have a long funeral procession for the Tax Code.

Well, to those of you who filled out your own tax forms in the last round, that Tax Code is more complicated than ever. There has been no effort to simplify that Tax Code, but we know there is an election that is going to take place 15 weeks from yesterday, so we are going to be on the side of tax simplification.

I would submit to you today that this is the easiest thing in this body that could be done with Democrats and Republicans to simplify the Tax Code. But the rhetoric does not fit public policy, because we have got to get people psyched up and convince them in this short span that we are going to simplify the Tax Code. We will be back next year, and we will not simplify the Tax Code because once again it is inconsistent with the rhetoric, as opposed to the policy that is necessary.

□ 1545

Let me talk today about something we could do to really simplify the Tax Code.

While I am disappointed with the context of the bill, simply because I think it could have been expanded in an effort to achieve simplification, we examine the four provisions that are put to us today. So we are going to clarify how to classify people who were born on January 1.

Then the second section is going to replace the phrase ''head of household'' with a phrase that says ''single head of household'' throughout the Tax Code.

The third provision is going to instruct the IRS to make the EZ available to more people; but my colleagues know what, the IRS already has the authority to do that. That could be done short of what we are undertaking at this moment.

The final provision deletes some parts of the Tax Code that no longer has any legal effect. My goodness, I can feel the heartland of America today, boy, the satisfaction they must feel that we are taking up this major piece of legislation that, in the end, really does very little for them.

It is easy to talk about tax simplification, and we all know it is very difficult to accomplish; but for the last three Congresses, I have offered a tax simplification bill that would include a paid-for repeal of alternative minimum tax. If this body is serious about making it easier for Americans to file their taxes, there is no better place to start.

The alternative minimum tax was designed to prevent the very wealthiest Americans from overusing certain tax benefits to avoid most of their tax burden. Today, we all know it does not accomplish that goal any longer. Today, it ensnares millions of ordinary middle-class taxpayers, and I spoke to the American Manufacturing Association last night, and they were enraged by what has happened, and by the way, they generally support the other party.

By the end of this decade, the AMT will apply to over 30 million taxpayers, including more than three-quarters of taxpayers with incomes between $75,000 and $100,000. In fact, unless we change the tax laws, in 2005, married couples with four children will be subject to the alternative minimum tax as soon as their incomes reach $58,500. What used to be a class tax has now become a mass tax.

Now, I understand the reasons for the original imposition of AMT, but it no longer makes any sense. It no longer solves the problem that it was supposed to correct. It, in fact, creates a new problem. It doubles the amount of work that millions of Americans have to do to determine how much they owe.

Because of the AMT, these taxpayers have to fill out two tax forms. The process has become so complex that it now takes an average middle-class family 19 hours to fill out their tax forms. That is 7½ hours longer than it took in 1994 when they were going to

pull the Tax Code up by its roots or drive a stake through the heart of the Tax Code.

The American people could be hardly more clear on the message they are sending to all of us. They need help navigating this process. It has become much too complicated. Sixty percent of the individuals hire a professional today to prepare their taxes, an increase of 50 percent from 1994 when they were going to drive a stake through the heart of the Tax Code, when they were going to have a long funeral procession for the Tax Code, when they were going to pull the Tax Code up by its roots.

If my colleagues really want to do something in this institution, we do not have to talk about tax increases or tax cuts. What we could do is talk about tax simplification. Work with me on this AMT proposal that I have had. It could be done in a bipartisan manner. I wish the gentleman from New York (Mr. HOUGHTON) was staying because we have had success working on bills in a bipartisan manner, the two of us; and I regret his departure precisely because of that, and I believe that we could still do a tax simplification in the next session of this Congress without a great deal of difficulty.

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume.

I would tell my colleague from Massachusetts who had expressed concerns about the so-called birthday rule, we actually took it out of the legislation because of concerns expressed by the gentleman's side of the aisle.

With regard to AMT, I commend the gentleman for his work on that over the years. As the gentleman knows, in 2001 and 2003, we put in place increases in the threshold for the first time in many, many years which has saved millions of taxpayers from having to go into the AMT. We also have an extender bill that passed this House to extend that into the future.

Mr. NEAL of Massachusetts. Mr. Speaker, will the gentleman yield for a friendly observation?

Mr. PORTMAN. I yield to the gentleman from Massachusetts.

Mr. NEAL of Massachusetts. Mr. Speaker, I have been here for 16 years, and I have never been involved in an issue where people congratulated me more for bringing it forward and did less about it than the alternative minimum tax issue.

Mr. PORTMAN. Reclaiming my time, I will tell the gentleman that I actually have had legislation in to repeal the AMT for many years. So I go even further than the gentleman goes in terms of AMT relief. So the gentleman is not the only one who is interested in it; but he has brought focus to it and we appreciate that, as has the gentleman from New York (Mr. HOUGHTON).

I would also say, though, that this Congress has made some progress. It is a tough issue. Because we did not index it, therefore AMT goes to more and more taxpayers every year. By not indexing the threshold, more and more middle-income taxpayers, particularly those with children, get caught in it.

Mr. Speaker, we now have with us the chairman of Committee on Ways and Means, who has worked hard on these tax simplification bills before us, including this individual tax simplification bill that was authored by the gentleman from Georgia (Mr. BURNS).

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. THOMAS), chairman of the Committee on Ways and Means.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding me time, and I have been listening to some of the discussion; and, sadly, it tends to revolve around the same themes, and what I would like to do is suggest that instead of a semantic war, i.e., you are concerned because this particular legislation was called tax simplification, we would be open to some terms that would suit you, such as Tax Code rationalization, Tax Code clarification.

If you are hung up on the fact that this is not the end-all and the be-all in terms of simplification, I can suggest to you that if you want to look at the recent record of voting on measures, the ultimate simplification of the Tax Code would be to zero out a tax responsibility for someone. That was done. In terms of the low-income who fall into the tax-paying category, if you have dividend income or you have capital gains returns, we provided a Tax Code modification which would produce a zero tax rate. Now, that is ultimate simplification, and the fact of the matter is you voted against that.

So when you take a look at areas that the administration should have changed, I do hope that you take a step back from yourself and look at yourself as others do. You are standing here on the floor of the House criticizing legislation because it does not do enough, and you point out that there are provisions in this legislation that could be done administratively, but they have not; and at some point, either you continue to state that it could be done administratively and it is not done, or you agree it is relatively modest and minor and you wonder why it has not been done, and you go ahead and say you should do it. Now, that is at least a step forward.

So when I find you criticizing, what you do is you criticize if it is too grand, you criticize if it is too minimal, you criticize if it were requiring the administrator to do something they have the administrative power to do, but they do not exercise it. In fact, all you do is criticize.

When you listen to your arguments, it really boils down to one point. You simply cannot stand the fact that you are no longer in the majority, and I understand that. I was in the minority for 16 years, and I watched what you folks did to the Tax Code when you were in the majority, and I will return briefly and then end on the theme of the alternative minimum tax.

The problem we are in today is based upon a tax measure passed by the Congress of the United States, originating in the House of Representatives, controlled by my friends on the other side of the aisle, with not one Republican voting for it, which created the non-indexed provisions which you all lament have driven people into the alternative minimum tax structure.

I will tell you, when I was in the minority on the committee, I could not understand the logic in which you wanted to impose an alternative minimum tax in the first place. Because when we began discussing the fact that there were some people who did not pay taxes and because of the various deductions in the code, it allowed them not to pay taxes, the question I asked you was why do we not modify the deductions so everybody pays taxes. That is a fundamental, direct change.

Oh, no, we are not going to do that; we are going to create a whole alternate world, akin to physics in terms of matter versus anti-matter. We are going to have a structure which has a minimum tax, then we are going to create a structure which has an alternative minimum tax, and it only works in your bipolar world if the indexing in terms of the objects you do allow to be counted against a modification of the alternative minimum tax are adjusted the way those same items are in the regular tax structure.

What you wound up doing in that piece of legislation was freezing those deductions in the alternative world which has created this march into lower and lower brackets. It is wholly something that you are responsible for.

Now, since we are now in the majority, we obviously need to address a number of areas that you either failed to address or complicated significantly when you were in the majority; but it seems to me if you want to be a constructive minority, you join with us when we have these modest changes that make sense, instead of opposing absolutely anything, whether large, small, simple, or clarification.

Someone once said the role of the opposition party is to oppose. You folks are driving it to the absolute supreme example. What you really ought to do is begin to talk about where it makes sense and we join together, we join together. You start in the small areas, and we can move to the larger areas.

You folks proved absolutely conclusively that when you ran the place you could really mess up the large areas. What you are doing now is indicating that you are more than willing to be the opposition and the obstructionists even in the small.

Mr. SANDLIN. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, let me thank my friend from Texas for yielding me this time.

Mr. Speaker, I have heard my distinguished chairman make his argument

many times about the fact that we did this problem as Democrats when we were in the majority. I would think that after 10 years, the statute of limitations should have run on that argument. The Republicans have had 10 years in which to act.

I guess one of the problems that I have, Mr. Speaker, is that this bill did not go through a markup in the Committee on Ways and Means. We did not have an opportunity to offer amendments.

The chairman complains about the fact that we do not like the title of this bill, Tax Simplification for Americans Act. If we had had it in committee, maybe I would have had a chance to offer an amendment to clarify exactly what this bill does, which is very little. It does not carry out a commitment that was made by the Republicans to simplify our Tax Code.

We bring that up because, as my colleagues have already pointed out, there were statements made 10 years ago when the Republicans took control of this body that tax simplification was going to be their top priority, and they simply have not delivered on that. We have not had any bold proposals. Instead, what does the record show?

Well, we have seen that the number of pages of the Internal Revenue Code and Regulation now equals 54,846 pages. That is a 35 percent increase from what it was in 1995. That is hardly tax simplification.

We have talked about the alternative minimum tax, and why do we mention this? My good friend from Ohio indicates that we are making progress in dealing with the alternative minimum tax. Mr. Speaker, I would say to my colleagues that we are not making progress in dealing with the alternative minimum tax because, under current tax law, the number of taxpayers who are going to be subject to the alternative minimum tax by the year 2010 will be 33 million taxpayers, up from 1 million taxpayers in 1999. That is not making progress. One out of every three taxpayers will be subject to the alternative minimum tax. Six million taxpayers will face the alternative minimum tax in 2010 just because they have children, and we talk about marriage penalties here. A person is 20 times more likely to be subject to the alternative minimum tax if they are married.

These are issues that we would like to address in the committee that I have the honor of serving on; but instead, we get bills that are brought directly to the floor; that we do not have a chance to offer amendments on; that are brought up under suspension where all we can do is vote the bill up or down. Obviously, it might make some progress but very little, and it does not deal with the underlying issue of complexity in our Tax Code and, therefore, should not be called the Tax Simplification for Americans Act.

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Mr. Speaker, let me just say in conclusion, we are doing all this and still adding billions and billions of dollars to the national debt in the tax policies that we are bringing forward. That is hardly serving the interests of the people we represent.

Mr. PORTMAN. Mr. Speaker, I reserve the balance of my time.

Mr. SANDLIN. Mr. Speaker, I yield 3½ minutes to the gentleman from Washington (Mr. McDERMOTT).

(Mr. McDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, as I sat and listened to this debate, I thought of a very famous quote from Groucho Marx. He said if you are going to go into politics, the first thing you have to learn to do is learn to keep a straight face and act sincere.

Now this bill taxes anybody's ability to do that. It is election time. We have a man from a southern State who is running for election. He spent a million dollars in the primary, and yesterday he did not do that well. But he now has this bill the next day to take home and say, ''I have brought tax simplification to Georgia.'' That is what we have here today.

I understand it is election time, and the gentleman from Texas (Mr. DELAY) certainly has interest in tax simplification, but the other side of the aisle simply has no credibility on this issue.

They have been talking about this for 10 years. My colleague from Maryland pointed out the other side has passed 42 new laws since 1994, and they have added 3,533 changes to the law covered in more than 10,000 additional pages.

Now, not one single committee had a hearing on this. This is such a political bill, they did not even bother to run it through committee. They said, What does this guy from Georgia need? Let us give him a bill and pass it so he can run home with it and put out his press release.

Mr. Speaker, I guarantee there will be a press release this afternoon that will hit the Atlanta Constitution and whatever else is in Georgia. It is done for that reason. Otherwise it would have gone through committee and had a hearing, and we would actually talk about it. But when it has no purpose legislatively, there is no sense running it through the legislative process; just jam it through so we can get it into the campaign.

Now, we cannot find time in this Congress to deal with the alternative minimum tax. Everybody is out here saying bad things about it. The reason AMT was put in in 1986 was very simple, and that is, there are rich people in this country. It may come as a surprise to some Members who do not think of themselves as rich, but there are some really rich people, and they were manipulating the Tax Code so effectively that they could have $10 billion and not pay any taxes at all.

The average working Joe or Jill who carries a lunch bucket to work or to the restaurant where she works or as a maid in a hotel, they pay taxes. And then you have got these really rich people out there who are not paying anything.

So the decision of the Congress was, and it was another Congress, not a Republican Congress, it would never have passed if you guys had been in charge, I understand that, because you think if you can figure a way out of paying taxes, you should not pay any. You do not owe anything to the country. You should not pay any part of what is going on in Iraq.

You should not pay anything for what is going on in Iraq, you should not pay anything for what is going on in homeland security, that should be paid by Joe Lunch Bucket and Jill Lunch Bucket. You do not want an alternative minimum tax, and what you are doing, we all know, is letting more and more people get sucked into it. They have to do their taxes twice, so you can get rid of it to help the people at the top. It is real clear what the other side is up to.

Mr. Speaker, this silly bill the other side of the aisle has out here today, I do not think anybody is going to vote against a title like ''tax simplification.'' The first section you dropped; the other ones do not do anything.

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I appreciate the gentleman's defense of the alternative minimum tax. We just fundamentally disagree. We do not think there ought to be an alternative minimum tax. We think we ought to change the code. If Members think people should not get preferences in the code, change the preferences. Let us be honest about it.

But I am glad the gentleman is honest about it and saying he supports it, and it was done in a Democrat Congress and he would like it to continue. I would also say that the gentleman's attempt to imitate a southern accent, and my colleague from southern Texas can confirm this, is as bad as his analysis of the underlying legislation before us. This is not everything, but it is a good bill.

Let us talk about the facts. We have had a lot of interesting conversation about what it does and does not do, but let us get to the facts. Number one, it clarifies a misleading part of the code which has to do with a filing status title. It will help about 6 million Americans who file the wrong way because it is misleading.

It is going to help with regard to letting people use the short 1040EZ and 1040A tax forms, which will help save millions of dollars and also millions of hours of taxpayer work in terms of putting their taxes together.

Finally, it eliminates a bunch of deadwood. The ''head of household'' filing status, which is the first thing it does, is generally for single taxpayers with dependents, we changed it to say that, ''single head of household.'' That makes it clear to the vast majority of married taxpayers that they are not eligible.

Again, about 6 million of them a year inappropriately choose that filing status when they should not, and it causes great problems to them and to the IRS. In fact, the IRS gets over a million calls a year just about filing status. At any given time, there are 18 million people who might be subject to audit because they choose the wrong filing status. Being subject to audit, especially to lower-income taxpayers, is devastating, and so we are trying to help those people.

It also expands the 1040EZ and the 1040A by allowing taxpayers with up to $100,000 in taxable income, rather than $50,000, and who have interest payments, to be able to use these shorter forms.

What is the difference? The normal tax forms takes on average 28.5 hours to fill out. The 1040EZ, 3.5 hours. That is a huge time savings for Americans who do not have enough time to do the things that they want to do, to take that time away from filling out taxes. Again, it is a tremendous savings of money and time.

Yes, the IRS may be looking at this, but they have not done it, and it is the right thing to do, so let us do it. It has not been adjusted since 1982.

Finally, getting rid of some of these deadwood provisions is extremely important, cleaning up the code for individuals because people make mistakes based on these inaccurate provisions in the code. We have gone through it using the Joint Committee on Taxation, professional analysis, to determine what is appropriate and what is not.

This is good government legislation. I urge my colleagues on both sides of the aisle to strongly support this.

Mr. SANDLIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, our honorable chairman mentioned maybe we should rename the act because we had been criticizing it, and maybe call it the ''Taxpayer Rationalization Act.'' Well, I had already proposed calling it the ''All Sizzle and No Steak Taxpayer Act,'' and certainly we would accept that moniker.

The honorable chairman indicated that we are unfairly criticizing the bill, but I might mention, we are only criticizing it because it is wrong. Adding ''single'' to the ''head of household'' is just simply incorrect. If it was so simple, we would not have to be debating and talking about it so much.

In fact, the Tax Code contains 1.4 million words, 10,000 of which have been added since the gentleman from California (Chairman THOMAS) got into the majority, and now we can make that 10,001 words, as we add the word ''single,'' although it certainly is incorrect.

I feel that in looking at this we have to clarify what the bill does and does not do by asking ourselves certain questions and asking the author certain questions about the intent of the bill.

The questions would be: Does the bill deny the tax benefits of head of household status to a married woman whose husband has abandoned her and the kids? And the answer to that would be ''no.''

Does the bill deny tax benefits of head of household status to a married man who is legally separated under the laws of a State of this Nation, who has custody of the children? And again the answer would be ''no.''

So if the provision does not apply only to single taxpayers, what does the provision do other than add confusion by using the word ''single,'' which is inapplicable.

Finally, I am curious about the other provision of the bill, which would require the IRS to change the short forms to allow taxpayers with higher incomes, up to $100,000, to use the forms. My questions are: Does the code need to be amended, added to, to change how tax forms are printed and formatted? And the answer would be ''no,'' they have authority to do that under the current law.

And do the experts at the IRS and the Treasury think that these forms that we currently have should be changed? And I think obviously not or that would have been done.

Now, possibly some of these issues could have been addressed if we had gone through the regular order and process of the House, as was mentioned by the gentleman from Maryland (Mr. CARDIN). The rules are there for a purpose. Possibly if we had gone through the Committee on Ways and Means to consider this bill, these issues could have been addressed. We could have renamed the bill the ''All Sizzle and No Steak Act.'' We could have made sure that the word ''single'' was inserted if it was accurate, and not inserted if it was not.

But again, the rules are there for a purpose. We did not follow the rules, and we find ourselves here today in this confusion. So again this legislation may be marginally helpful, but why miss an opportunity for real tax simplification?

Since 1994, the majority has enacted 42 new public laws with 3,533 changes to the Tax Code contained in those more than 10,000 additional pages of complex public laws. That averages 360 changes a year with no serious efforts made to provide simplification. The Tax Code currently contains about 1.4 million words. The Tax Code has more than 4,700 pages. The Tax Code content has grown by at least 15 percent since the majority took over in 1994. It has grown 15 percent. The Master Federal Standard Tax Reporter used by accountants and lawyers is more than 60,000 pages. Since 1994, that manual has increased by 2,000 pages.

Today it takes average, middle American families 7.5 hours longer to fill out their tax return than it did in 1994, an increase from 11.5 hours in 1994 to 19 hours today. That is a full day's work for most Americans. And what do we do to simplify? We add the word ''single.''

Mr. PORTMAN. Mr. Speaker, I yield for the purpose of making a unanimous consent request to the gentleman from Minnesota (Mr. RAMSTAD).

(Mr. RAMSTAD asked and was given permission to revise and extend his remarks.)

Mr. RAMSTAD. Mr. Speaker, I rise in strong support of the Tax Simplification for Americans Act.

Mr. Speaker, I rise in strong support of the Tax Simplification for Americans Act.

As American taxpayers know too well, the tax code is incredibly complex and compliance is all to expensive. Americans spend 3 billion hours per year filling out tax forms and keeping tax records. The cost of complying with the code is a whopping $85 billion per year. That's 3 billion hours and $85 billion that could be put to much productive uses in America.

This bill will offer taxpayers some meaningful relief from complexity. about 1.6 million people will be able to fill out simpler tax forms—1040A and 1040EZ—rather than filling out the 1040 form with all its schedules, which takes about 28.5 hours to complete.

The bill would also end the confusing use of definitions regarding a taxpayer's age. It also clarifies the "head of household" definition, which will help taxpayers prevent errors in filing status. In addition, the bill gets rid of a number of outdated and unnecessary provisions in the tax code.

Mr. Speaker, we have a lot of work to do in the area of simplification, but this bill is an excellent start. It will mean real help to real people.

I urge my colleagues to support this important bill.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Ohio (Mr. PORTMAN) that the House suspend the rules and pass the bill, H.R. 4841, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

## MILITARY HOUSING IMPROVEMENT ACT OF 2004

Mr. HUNTER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4879) to increase the military housing private investment cap.

The Clerk read as follows:

H.R. 4879

*Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE**

This Act may be cited as the ''Military Housing Improvement Act of 2004.''

**SECTION 2. INCREASE IN MILITARY HOUSING PRIVATE INVESTMENT CAP**

Section 2883(g)(1) of title 10, United States Code, is amended by striking ''$850,000,000'' and inserting ''$1,350,000,000''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. HUNTER) and the gentleman from Missouri (Mr. SKELTON) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. HUNTER).