

EXECUTIVE SESSION

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THURSDAY, JANUARY 26, 1978

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United States Senate,
Committee on Finance,
Washington, D.C.

The Committee met, pursuant to notice, at 10:15 a.m. in room 2221, Dirksen Office Building, Hon. Russell B. Long (Chairman of the Committee) presiding.

Present: Senators Long, Talmadge, Byrd, Moynihan, Dole and Roth.

The Chairman. I am going to call the Committee together because there are some things that we could pass judgment on, there are some things that we could pass judgment on. I could do it as Committee Chairman, but I would like to have the ideas of those here and get their thoughts.

For one thing, I have a letter from Senator Robert Dole and he is indicating that he would like to hold a meeting in Kansas with regard to health care delivery, health care costs. According to this letter, I believe Senator Danforth is also interested in participating, and he says that he has the concurrence of Herman Talmadge, Chairman of the Health Subcommittee.

A Senator can hold a hearing anytime he wants to. He

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1 does not have to be on the Committee to hold a hearing.
2 Fred Harris demonstrated that to us. He would just say,
3 Fred Harris is holding a hearing, come testify, appear.

4 Senator Byrd. You do not want to have happen to us
5 what happened to Fred Harris.

6 The Chairman. It did not work too well, I admit.

7 I would like the advice of the members here. It occurs
8 to me that perhaps there are two members of the Committee
9 that would like to meet somewhere and hold the hearing and
10 that we could pay some expenses for it.

11 He says, "I request that staff members as well as
12 expenses of the hearing, including transcript fees, office
13 space and incidentals, be paid by the Committee."

14 I would like the advice of those here as to what their
15 reaction is.

16 Senator Talmadge. Mr. Chairman, we have had a prolifer-
17 ation of these hearings in the Agriculture Committee since I
18 have been Chairman of it, and it has gotten to the point
19 where nearly every member of the Commttee wants to hold a
20 hearing in his state about some facet of agriculture. I have
21 been quite liberal with it; it has gotten to be quite
22 expensive.

23 I think it might be a wise policy to require that two
24 Senators be present for the hearing. That will limit the
25 proliferation of hearings.

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1 It is awfully good politics, you know, for a Senator
2 to go back home when there is a real hot issue pending and
3 hold a hearing in his state there on that particular issue.

4 I have been probably too liberal as Chairman of the
5 Committee on Agriculture and Forestry on that. The costs
6 have been quite exorbitant, in some instances.

7 Most senators have been careful. We have two or three
8 Senators, especially those up for re-election, who want to
9 hold hearings all the time. It might be a good idea to
10 require that two Senators be present for the hearing.

11 The Chairman. I expect to be a candidate for office in
12 a couple of years from now myself and I could see how it
13 might be nice to take some of the Committee staff down there
14 and hold hearings in eight different Congressional districts
15 around the state and give everybody a chance to come explain
16 what the problems are, as he sees it.

17 It gives me no problem to say that if two Senators care
18 to attend and co-chair the hearing and to participate in it
19 that we will pay their expenses.

20 How does that sound to you, Senator Roth?

21 Senator Roth. That seems like a reasonable approach. I
22 have some of the same concerns that Senator Talmadge raised.
23 There have been a proliferation of these hearings. I think
24 it entirely depends on whether or not we feel it is useful
25 for the purposes of the Subcommittee. In those cases where

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1 there is a need, I think they can be very desirable, but I
2 have to admit that I have a lot of reservations about holding
3 a lot of hearings.

4 That seems to be a reasonable approach.

5 The Chairman. Why do we not take the view, then, that
6 if a Senator wants to hold a hearing and at least one other
7 Senator is willing to participate in the hearing, that we
8 will pay the expenses requested, with the understanding that
9 it be cleared with the Chairman of the Subcommittee, as has
10 been done in this case, before we do it.

11 Senator Dole. I think that is fine. I just want to
12 make the point that I have never conducted a lot of field
13 hearings, as Senator Talmadge knows. In my committee, I
14 think I have had one.

15 Senator Talmadge. If the Senator would yield at that
16 point, before you arrived, Senator Dole, I pointed out that
17 I have been quite liberal in letting Senators hold field
18 hearings in their home state. While you have not abused
19 that privilege, some Senators have and it has become quite
20 expensive in some instances.

21 I suggested to the Chairman that I have been overly
22 liberal and it might be wise to restrict field hearings to
23 any occasion where two Senators would participate; and that
24 would tend to limit it.

25 When someone is up for re-election, if he holds a hearing,

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1 he gets immediate coverage and gets attendance and it is a
2 good way to campaign at the expense of the taxpayers.

3 Unfortunately, we have let that occur in our Agriculture
4 Committee. I might consider being a little more stringent.

5 The Senator from Kansas has not abused that privilege,
6 but we have one or two Senators on our Committee that have.

7 Senator Dole. I am wondering, I do have a hearing
8 on Saturday in my state. There is no expense, I am going
9 to be there anyway, except for one staff person. The only
10 reason I would like to have it approved is so it has some
11 official status, because we are going to take testimony on
12 rural health care on some of the bills we passed in this
13 Committee from some of the people in that area.

14 As far as the expense, I think it is one staff person.
15 We are not making a transcript, but it does give it the
16 stamp of an official hearing when we can bring it back to
17 the Committee. It may be helpful.

18 There is nobody else participating in that hearing; in
19 the other one, there is.

20 The Chairman. That is all right with me.

21 As I indicated before you got here, Senator Dole, an
22 individual Senator can, if he wants to, go to his state and
23 hold a hearing on anything. You asked the General Account-
24 ing Office to make a room available, if they will not do it,
25 you can find some motel to make it available and invite

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1 everybody to come there and testify. So a Senator can hold
2 himself a hearing.

3 Fred Harris did a lot of that while he was on the
4 Committee, and any Senator can do it.

5 It is all right with me to say all right, go ahead and
6 hold the hearing and we will pay for a staff member to
7 participate.

8 All right.

9 Mike, what else can we take care of?

10 Mr. Stern. The Committee administrative budget, the
11 budget for Committee staff, has to be submitted to the Rules
12 Committee by the end of this month for the professional staff.
13 We are not suggesting that there be any increase in the size
14 of the staff.

15 For the Minority staff, Senator Curtis has requested one
16 additional clerical assistant.

17 I have tried to cost this out roughly, and it looks like
18 it would be \$635,000 for the resolution to continue the staff
19 at the same level and add one secretarial position for the
20 Minority.

21 This would involve the Committee's reporting out a
22 resolution to that effect.

23 The Chairman. If there is no objection -- that is based
24 on what we did?

25 Mr. Stern. That would be the same staffing level as you

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1 have achieved by this month now, a continuation of the
2 present level for a year, plus adding one clerical assistant.

3 The Chairman. Does that allow enough money? I think
4 you have a vacancy; one or two vacancies. Does that allow
5 enough money to fill them?

6 Mr. Stern. Yes, sir.

7 The Chairman. Without objection, on behalf of the
8 Committee, I will make that request.

9 Mr. Stern. The other matter we wanted to call to your
10 attention today concerns the bill that is pending on the
11 Senate Floor right now. It does make some substantive
12 changes in the Internal Revenue Code and the Social Security
13 Act, to the extent that they affect criminal provisions.

14 I would like to ask a couple of the Committee staff to
15 give some examples of the kinds of changes that are made.

16 Mr. Constantine. Mr. Chairman, in the criminal provisions,
17 as you know, this past and first session, the Congress
18 completed action on this big, massive Medicare-Medicaid
19 Anti-Fraud and Anti-Abuse Act where you defined crimes
20 differently, changed the penalties, and so on. None of
21 the criminal changes, changes in the criminal statutes, and
22 the first session of the 95th Congress are included in the
23 bill on the Floor.

24 We met with the Judiciary people and the Department of
25 Justice people. They have made substantive changes in matters

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1 of judgment.

2 For example, when you made a fraud a felony subject to
3 \$25,000 fine and up to five years in prison, they just have
4 general statutes making it three years without defining
5 a fine -- three years in some cases, six years in another
6 case, and a fine up to \$100,000.

7 It goes on, the definition change. A lot of this is
8 focused on those programs that deal with the fraud. The
9 definitional material is all over the lot, and when we talked
10 to them about it, they said they recognized that they had
11 not taken into account any of these things and our point
12 was that these were substantive matters which the Committee
13 should consider, rather than just letting it go back to
14 fraud, because the Committee had considered these matters
15 and decided this penalty was appropriate and this was appro-
16 priate and that was inappropriate.

17 So they then told us that the effective date is two years
18 after enactment on the new Code and that the Committee could
19 then change and re-enact, and so on, rather than their
20 exempting these acts. Initially, we talked to them further,
21 and there seemed to be some agreement, I think it is fair
22 to say, on the part of what the Judiciary staff people and
23 the Department of Justice people that we met with yesterday,
24 to deleting from the bill all of the amendments to the
25 Social Security Act, all of those changes, not just here,

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because they also change things in the cash assistance program, in the cash program.

For example, where the Committee has made false reporting wages by an employer has been dropped, all of those things that you may or may not want to drop.

Our suggestion to them is, why do you not just drop those things, and, over the next couple of years the Finance Committee can consider each of those changes substantively, decides what it wants to conform to the general statute and what it wants to retain.

It is quite confused now, inasmuch as they did not include any of the changes that we made in any of the statutes in the first session of the 95th Congress.

In this bill on the Floor there were also changes, you know, the Internal Revenue Code?

Mr. Stern. Mr. Morris?

Mr. Morris. In connection with the Internal Revenue Code, the bill S. 1437 would revise the statute of limitations for criminal tax offenses and cut it back from six years to five years. In addition --

The Chairman. You mean they reduced the number of years that the government has to sue you?

Mr. Morris. That is right, or criminally prosecute.

Another provision that was deleted, and may have been an oversight, is one that makes it a misdemeanor during the

1 course of an investigation for an individual to submit false
2 statements, or false documents, to the Internal Revenue
3 Service, and that is a provision that the Internal Revenue
4 Service would like to have continued in the law.

5 Under the Code revision, there is a provision of
6 general applicability that makes it a felony to submit false
7 statements, and the Service feels, in the case of an audit
8 where an individual submits false statements or false docu-
9 ments, it should be a misdemeanor.

10 The Chairman. Would that be there anyway?

11 Mr. Morris. No. The provision in the Internal Revenue
12 Code is deleted and no comparable provision is inserted in
13 S. 1437.

14 A third area involves the disclosure of tax returns and
15 tax return information. In 1976, the Congress provided that
16 it should be a felony for a Federal employee to make an
17 unauthorized disclosure of tax returns and tax return
18 information. In S. 1437 that is reduced to a misdemeanor
19 and in general, the provisions which have affected the
20 criminal law enforcement involving taxes, have been codified
21 in Title 26. This would be all shifted to Title 18.



22 The Chairman. I think it would be well to have a memo
23 out to each particular Subcommittee Chairman pointing out
24 what the principal points of concern are. My offhand
25 impression is that if we want to take issue on something of

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1 that sort, we would probably be better off to argue about
2 the matter on one of our bills than argue about it on
3 somebody else's bill.

4 They worked so long and hard to get that bill out there,
5 they finally had to get a compromise between conservatives
6 and liberals on that committee to try to get their people
7 together; and I would think that the feeling of the Senate
8 right now is if all of those conservatives and liberals can
9 get together on something, maybe we ought to just go along
10 and get that thing passed.

11 Senator Dole. They are going to wind it up today, are
12 they not?

13 Senator Roth. They are going to try.

14 Senator Talmadge. The Majority Leader indicated that
15 yesterday.

16 The Chairman. This is pretty late in the game. If
17 you had brought it to us at least two weeks ago we could
18 have done a lot more about it.

19 Senator Talmadge. It seems to me, Mr. Chairman, if the
20 staff could get an appropriate amendment, we could take it
21 up with the Floor manager of the bill, Senator Kennedy.

22 Mr. Constantine. Mr. Chairman, that seems to be
23 agreeable, particularly on the Social Security Act provisions,
24 and let the Committee deal with those things substantively
25 and see what you want to do. There was also, of course, a

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1 jurisdictional question on this as to who has jurisdiction
2 over the programs and they were also agreeable to making it
3 clear in the colloquy on the Floor that the legislative
4 committees generally, not just Finance, could continue to
5 retain jurisdiction over the criminal penalties in the
6 statutes over which they have jurisdiction.

7 The Chairman. Mr. Morris?

8 Mr. Morris. I think that we would have one or two
9 amendments in the tax area that the managers of the bill
10 would be willing to accept to accommodate some of the concerns
11 that we noted. It would not involve going to conference.

12 The only issue that you might want to consider is whether
13 you might wish to go along with the changes as proposed by
14 the Judiciary Committee, but rather than putting the Internal
15 Revenue Code penalty provisions in Title 18, you might want
16 to suggest they be retained in Title XXVI.

17 Mr. Stern. We could see what could be worked out, what
18 the managers of the bill could accept, and have an amendment
19 for you this afternoon.

20 The Chairman. Why do you not do that? If you can get
21 the amendments up with an explanation of why you think each
22 of them should be agreed to, maybe we can get that done.

23 A minor change such as the change in the statute of
24 limitations from six years to five years does not particularly
25 bother me. I am sort of concerned where we passed a bill and

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1 we had some provisions there that we thought could make it
2 work and then we go to work and repeal some of those things
3 that we thought could make it work. They also agreed that
4 the revenue laws should be in the Internal Revenue Code,
5 including the criminal penalties, because some years ago we
6 had a great big mess, a big, knock-down fight because of a
7 technical error had occurred when the staff on the Joint
8 Committee, in writing the Tax Reform Act, overlooked a
9 revenue provision in the Commerce laws, but that was not a
10 part of the Internal Revenue Code. That had to do with
11 shipping.

12 We had a big, knock-down drag-out fight because of that,
13 because one of our staff members, in his research work,
14 failed to look outside of the Internal Revenue Code for an
15 Internal Revenue bill. We had a tax deferral for building
16 ships that we did not know about, so they failed to take it
17 into consideration when we passed the bill.

18 We had to fight that battle out, a great big furor and
19 a lot of acrimony later on, as though we had a vested inter-
20 est, where what we were trying to do was treat everybody the
21 same.

22 If the staff will get those suggestions, we will see
23 what the managers of the bill are willing to accept.

24 What else do you have there?

25 Mr. Stern. There are some things left over from last

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1 year, but I would suggest, Mr. Chairman, that we have an
2 Executive Session, perhaps next week. The kinds of things I
3 am talking about are the treatment of foreign income, the
4 carryover basis in connection with estate taxes. Senator
5 Byrd brought that up in a session last year.

6 There is a bill that Senator Moynihan is interested in
7 relating to settling certain claims on social services.
8 Senator Talmadge is interested in moving the kidney bill, on
9 which hearings have been held. There are about five or six
10 relatively smaller matters that are left over from last
11 year where the hearings have been held already and it would
12 be up to the Committee to handle them.

13 Senator Byrd. I might say that the Technical Corrections
14 Bill, another one is left over from last year which should
15 have been passed last October.

16 Mr. Stern. Yes, sir.

17 Senator Talmadge. Mr. Chairman, for the benefit of
18 Senator Dole, I informed the Chairman, as well as Mr. Stern,
19 that we are ready to go with that kidney bill.

20 Senator Dole. I had one thing. It is not that important.
21 As I understand it, to get the Office of Technology Assessment
22 to undertake a study, I need some request from the Chairman
23 of the Committee, and I have written Senator Long a letter
24 asking if we could make that request to do a study on the
25 alternative sources of gas to 1990, and it is based on my

1 concern that we are willing to tell our domestic producers
2 we are only going to pay \$1.75 per mcf and we are importing
3 gas at \$4.50, and on this trend, we might be up to 50 percent
4 of our gas being imports by 1985.

5 I am trying to get OTA to make a study. It is my under-
6 standing that before they will undertake that, a request needs
7 to come from the Committee.

8 I do not know whether you have any objection to that or
9 not, Mr. Chairman. It is not aimed at the present controversy
10 we are having. The study would be prepared long after we have
11 finished. We are trying to find out what new domestic
12 resources there may be and what happens to the price if they
13 are available, and also, what impact this would have on
14 increased dependence on imported LNG.

15 The Chairman. Do you have any ideas on that, Mr. Stern?

16 Mr. Stern. This is like the General Account Office
17 study. The study has a somewhat higher priority request, if
18 it is a Committee request, than if it is an individual
19 Senator.

20 Usually a Senator will bring it up in committee and, on
21 behalf of the committee, will send a letter requesting it.

22 Senator Dole. I do not know if there is any objection
23 to it, do you?

24 The Chairman. I will send such a letter, then.

25 We will ask the conferees, of course, to meet again and

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1 talk about the energy tax conference. I cannot see much
2 point in meeting until we have some suggestions or ideas
3 that look as though they might muster a majority of the
4 conferees.

5 As the Democrats here now, I just asked a question of
6 the Democratic Conference, how many people thought that they
7 could vote for the crude oil equalization tax, and there was
8 a very small minority of Democrats who indicated they could
9 vote for it, and the House is holding out for that. And I
10 hope that every Senator, including those who are not conferees
11 we have ten on the conference -- that every Senator would
12 think about it, if they could think of some ways that might
13 resolve that conference on the energy tax bill, because we
14 are looking for everybody's ideas as to ways that that thing
15 might be resolved.

16 My thought is that it would be a lot easier to resolve
17 the conference part on the gas pricing bill than it would be
18 to resolve a conference on tax, because those two bills are
19 both in the same direction. They both recognize that the
20 price has to go up, you would think that they could split
21 the difference, or something of that sort, and put it together,
22 but so far they have not been able to.

23 It seems to me that the same conferees meeting in the
24 House are the same conferees on the gas bill as on the tax
25 bill. If they ca-not resolve that thing on the gas bill, I do

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1 not know how we are going to resolve it on the tax. They
2 could split the difference, if they cannot get anything
3 better, and bring it back here.

4 The conference on the tax bill, we have something that
5 really is much more difficult. Our bill is a big tax cut,
6 their bill is a big tax increase. If you split the difference
7 on that, you just have no bill. You drop it and just go home
8 and forget about it.

9 Senator Roth. I do not think that is a bad idea.

10 The Chairman. Bob Dole has been saying that all along,
11 have no bill and just forget about it.

12 Senator Dole. We already voted on that tax thing. We
13 got 14 votes in the Senate.

14 The Chairman. I will try to see that these items that
15 are listed here by staff are scheduled to come before the
16 Committee.

17 Senator Byrd wants to say something about carryover
18 basis because he brought that subject up forcibly in the
19 Subcommittee, and he wants the Senate to take a position on it.

20 Why do you not explain your view about that?

21 Senator Byrd. This would be in connection with the
22 technical amendments bill. I would propose to present an
23 amendment to the technical corrections bill, an amendment that
24 is being co-sponsored by the Senator from Kansas, Mr. Dole
25 and by four or five other Senators. Incidentally, I have just

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1 received a letter. I received it earlier from Chairman Long,
2 which he got from Senator Ford of Kentucky urging the repeal
3 of carryover basis.

4 My proposal to the Committee would be to defer the
5 implementation of carryover basis for several years until the
6 Committee can understand the full ramifications of it.

7 I talked on the telephone yesterday to a Certified
8 Public Accountant in Virginia who called me. He has two
9 estates totally tied up; he cannot act on either estate
10 because this bill is totally unworkable, totally unworkable.

11 It was put on by the Committee in conference. There were
12 no hearings on it by the Senate Finance Committee. The
13 Senate Finance Committee, except for those who are conferees,
14 had no knowledge of it.

15 Virtually every witness who testified before my Subcom-
16 mittee said it was totally unworkable. If any staff member
17 present thinks that it is workable, I would like to ask that
18 he stand up now and tell the Committee that the carryover
19 basis provision measures in the law today is workable.

20 I will pause for a moment, Mr. Chairman.

21 (Pause)

22 There has been misinformation in regard to this. One
23 statement put out, mimeographed statement distributed, said
24 that Senator Byrd made a misstatement when he said the Senate
25 Finance Committee had not held hearings on the subject. I

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1 I want to ask the Committee Counsel, did the Finance
2 Committee ever hold hearings on carryover basis?

3 (Pause)

4 I might say, I put that question to the Chairman of the
5 Committee; he said no. I put that question to Mr. Shapiro
6 and he said no, and now I put that question to Mr. Stern.

7 Mr. Stern. No hearings have been held. Estate taxes
8 generally, but not carryover basis.

9 Senator Byrd. Thank you.

10 Whoever put out that false statement accusing me of
11 making a misstatement, I am glad to get into the record that
12 the Chairman of the Committee, the General Counsel of the
13 Committee, and the General Counsel of the Committee on
14 Internal Taxation all confirm that no hearings were held on
15 carryover basis.

16 The Chairman. I just want to make some of this clear
17 now, Senator Byrd, because how did you come to do something
18 like that? I have to explain it from time to time. Sometimes
19 people cannot believe it.

20 I tell people that all this happened because a conserva-
21 tive Republican, Carl Curtis, offered an amendment to say
22 that we would do something about providing some relief to
23 small business in the inheritance tax law. We went to
24 conference with it and the House said, well, if you are going
25 to do something about that, you are going to have to do some

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1 more things.

2 So they brought in this thing that includes the carry-
3 over basis and that is how it became law. That is the Curtis
4 amendment, as amended by the House.

5 It was not the subject of any hearings in the Senate.
6 I assume there must have been some hearings in the House
7 because the House members said they would have to insist on
8 something of that sort if they went along with any part of
9 the Curtis amendment.

10 That all started out in the instance of an outstanding
11 Republican Senator who has served here for many years and
12 served on the House side prior to the time he came here,
13 seeking to provide some relief from the inheritance tax.

14 Senator Byrd. I might say, Mr. Chairman, I am not
15 blaming anyone. I am saying that, for whatever the reason,
16 the law as it now stands is totally unworkable. I do not
17 know of anyone who disagrees with that. It is totally unwork-
18 able.

19 The Chairman. When Mr. Curtis is here --

20 Senator Byrd. To repeal this legislation.

21 The Chairman. We will have to get into this. As you
22 know, I will try to cooperate with you and see that the
23 Senate reaches a conclusion in regard to it.

24 Senator Roth. I would like to ask Senator Byrd, one
25 of the things, if one were for or against that particular



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1 reform, what bothered me so much, as you probably have
2 pointed out, there were no hearings, nothing in the legisla-
3 tion. I suspect if that had been in any other area, affecting
4 any other group of people, that there would have been a great
5 hue and cry raised by many groups about the procedures.

6 I did not see any complaint as to what happened.

7 Senator Byrd. Very little complaining until the legisla-
8 tion got to the point where it had to be applied with and
9 the accountants and the lawyers and the attorneys, those who
10 deal with estates, have found that they cannot operate under
11 it.

12 My only contention is, maybe it is a very fine thing,
13 but why do we not delay the implementation until the Finance
14 Committee can go into it fairly, to understand the ramifica-
15 tions and see how it can be changed, whether it should be
16 changed, or whether it should be entirely repealed.

17 My only request to the Committee is that we have a two
18 to three year delay in implementing that provision until
19 we can fully understand it.

20 The Chairman. Senator Moynihan?

21 Senator Moynihan. I would just like to support Senator
22 Byrd's general proposition. I can report that the members
23 of the New York Bar that normally welcome complexity, because
24 that is how they earn their income, are baffled by this
25 provision, Mr. Chairman, and they do not know what to do.



1 Senator Roth. There must be something right about it.

2 The Chairman. They do not object too much to complexity,
3 but when it gets so confusing that they cannot figure out
4 how to do it at all, that gets pretty bad.

5 Senator Roth. Could I ask the Chairman, or Senator Byrd,
6 a question as to the timing? I have had a number of inquiries
7 about these technical amendments, people who are concerned about
8 their being adopted prior to the annual income reports have
9 to be filed.

10 Do you expect that action would be taken prior to
11 April 15th?

12 Senator Byrd. I would hope, subject to the views of
13 the Committee and the Chairman.

14 The Chairman. We have H.R. 9521 here. That includes
15 Section 911 of the Internal Revenue Code and some other
16 measures.

17 Mr. Stern. The one Senator Byrd is referring to is
18 H.R. 6715, the so-called Technical Corrections Act.

19 Senator Byrd. That is right. That is the one Senator
20 Roth is interested in, also. That could be handled rather
21 quickly.

22 The Chairman. Both of these measures, they should both
23 be acted upon as quickly as we can act.

24 Mr. Stern. Mr. Chairman, I was just checking the
25 schedule. You have hearings of one subcommittee or another

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1 through Thursday of next week. If you want to, you could
2 have an executive session on Friday morning to take up
3 these two measures and also the kidney bill that Senator
4 Talmadge referred to. I understand Senator Moynihan wanted
5 to bring up his bill that relates to the settlement of some
6 old claims in social services.

7 You could put those together.

8 Senator Moynihan. Mr. Chairman, as you know, the
9 government reached agreement with oh, I think, some 30 states
10 altogether with respect to a massive claim, claims back and
11 forth on welfare expenditures; and a fairly large settlement
12 was reached, a good settlement -- everybody agrees to this.
13 It will result in payments to state governments, in some
14 cases, of considerable sums of money, and I do not know if
15 it is the correct term, forgiveness, cancellation of the
16 Federal claim against state governments of even larger
17 amounts of money; and the money is in the budget, it is all
18 agreed to.

19 I think this could usefully come before the Committee
20 and would occasion very little discussion, and some pleasure.

21 Senator Byrd. Could I ask the Senator from New York
22 a question. You say cancellation of claims by the Federal
23 government against the Federal government?

24 Senator Moynihan. Against states. The Federal govern-
25 ment is claiming something in the way of a billion dollars,

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1 if I recall. I have not paid that much attention to the
2 details, and they finally agreed no, the states do not owe
3 us this sum, and we do, in fact, owe some \$435 million to
4 the states; and this agreement having been reached, this bill
5 incorporates it.

6 Mr. Stern. If you do have a meeting a week from
7 tomorrow, we would get out staff materials next week a couple
8 of days in advance so that your staffs can look at just a
9 description of what these various bills do.

10 The Chairman. I want to check my schedule to see if I
11 can be here. I might want to move it forward.

12 Senator Talmadge. It would be necessary for me to be
13 absent on Friday, Mr. Chairman, but there is no opposition to
14 this kidney bill. Mr. Constantine can explain it. I think
15 it will be reported by this Committee unanimously.

16 The Chairman. Fine. We will bring up the kidney bill
17 when we meet.

18 Is there anything else you would like to bring up, Mr.
19 Stern?

20 Mr. Stern. No, sir.

21 The Chairman. I think that is all that I want to talk
22 about today. Unless there is some other business at this
23 time, I suggest we stand adjourned until the call of the
24 Chair. We will try to move next week and move some of these
25 bills out.

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(Thereupon, at 10:55 a.m. the Committee recessed, to reconvene at the call of the Chair.)

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