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To amend the Internal Revenue Code of 1986 to improve revenue collection and to provide that a taxpayer conscientiously opposed to participation in war may elect to have such taxpayer's income, estate, or gift tax payments spent for nonmilitary purposes, to create the United States Peace Tax Fund to receive such tax payments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 19 (legislative day, APRIL 11), 1994

Mr. HATFIELD (for himself and Mr. HARKIN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to improve revenue collection and to provide that a taxpayer conscientiously opposed to participation in war may elect to have such taxpayer's income, estate, or gift tax payments spent for nonmilitary purposes, to create the United States Peace Tax Fund to receive such tax payments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SEC. 2. FINDINGS AND POLICY.**

4 (a) FINDINGS.—The Congress finds that for a signifi-
5 cant minority of Americans, sincere conscientious objec-

1 tion to participation in war in any form means that such
2 Americans cannot in conscience pay the portion of their
3 taxes that would support military expenditures.

4 (b) POLICY.—It is the policy of the Congress—

5 (1) to improve revenue collections and to allow
6 conscientious objectors to pay their full tax liability
7 without violating their moral, ethical, or religious be-
8 liefs;

9 (2) to reduce the present administrative and ju-
10 dicial burden created by conscientious objectors who
11 violate tax laws rather than violate their consciences;

12 (3) to recognize conscientious objector status
13 with regard to the payment of taxes for military pur-
14 poses; and

15 (4) to provide a mechanism for congressional
16 appropriations of such funds for nonmilitary pur-
17 poses.

18 **SEC. 3. UNITED STATES PEACE TAX FUND.**

19 (a) CREATION OF TRUST FUND.—There is hereby es-
20 tablished within the Treasury of the United States a spe-
21 cial trust fund to be known as the “United States Peace
22 Tax Fund” (hereinafter referred to as the “Fund”). The
23 Fund shall consist of such amounts as may be transferred
24 to the Fund as provided in this section.

1 (b) TRANSFER TO FUND OF AMOUNTS EQUIVALENT
2 TO CERTAIN TAXES.—

3 (1) IN GENERAL.—There are hereby transferred
4 to the Fund amounts equivalent to the sum of the
5 amounts designated during the fiscal year by indi-
6 viduals under sections 2210, 2506, and 6099 of the
7 Internal Revenue Code of 1986 for payment into the
8 Fund. Such amounts shall be deposited into the
9 Fund and shall be available only for the purposes
10 provided in this Act.

11 (2) METHOD OF TRANSFER.—The amounts
12 transferred by paragraph (1) shall be transferred at
13 least monthly from the general fund of the Treasury
14 to the Fund on the basis of estimates by the Sec-
15 retary of the Treasury of the amounts, referred to
16 in paragraph (1), received in the Treasury. Proper
17 adjustments shall be made in the amounts subse-
18 quently transferred to the extent that prior esti-
19 mates were in excess of or less than the amounts re-
20 quired to be transferred.

21 (3) REPORT.—It shall be the duty of the Sec-
22 retary of the Treasury to report to the Committee
23 on Appropriations of the House of Representatives
24 and the Senate each year on the total amount trans-
25 ferred into the Fund during the preceding fiscal

1 year. Such report shall be printed in the Congres-
 2 sional Record upon receipt by the committees.

3 **SEC. 4. INCOME TAX PAYMENTS TO UNITED STATES PEACE**
 4 **TAX FUND.**

5 (a) IN GENERAL.—Subchapter A of chapter 61 of the
 6 Internal Revenue Code of 1986 (relating to information
 7 and records) is amended by adding at the end thereof the
 8 following new part:

9 **“PART IX—DESIGNATION OF INCOME TAX PAY-**
 10 **MENTS FOR TRANSFER TO UNITED STATES**
 11 **PEACE TAX FUND**

“Sec. 6099. Designation by individuals.

12 **“SEC. 6099. DESIGNATION BY INDIVIDUALS.**

13 “(a) IN GENERAL.—Every eligible individual (other
 14 than a nonresident alien) whose income tax liability for
 15 any taxable year is \$1 or more may designate that such
 16 individual’s income tax payment for such year shall be
 17 paid into the United States Peace Tax Fund established
 18 by section 3 of the United States peace Tax Fund Act.

19 “(b) DEFINITIONS.—As used in this section:

20 “(1) ELIGIBLE INDIVIDUAL.—

21 “(A) IN GENERAL.—The term ‘eligible in-
 22 dividual’ means an individual who by reason of
 23 religious training and belief is conscientiously

1 opposed to participation in war in any form,
2 and who—

3 “(i) has been exempted or discharged
4 from combatant service and training in the
5 Armed Forces of the United States as a
6 conscientious objector under section 6(j) of
7 the Military Selective Service Act (50
8 U.S.C. App. 456(j)), or corresponding law,
9 or

10 “(ii) certified in a statement in a
11 questionnaire return made under section
12 6039F that such individual is conscien-
13 tiously opposed to participation in war in
14 any form within the meaning of section
15 6(j) of such Act.

16 “(B) VERIFICATION.—

17 “(i) QUESTIONNAIRE RETURN RE-
18 CEIPT.—Any taxpayer who makes a des-
19 ignation under subsection (a) shall attach
20 the questionnaire return receipt provided
21 under section 6039F(b) to such taxpayer’s
22 return of tax.

23 “(ii) ADDITIONAL INFORMATION MAY
24 BE REQUIRED.—The Secretary may re-
25 quire any taxpayer who makes a designa-

tion under subsection (a) to provide such additional information as may be necessary to verify such taxpayer's status as an eligible individual.

“(C) DENIAL OF DESIGNATION.—If the Secretary determines that a taxpayer who makes the designation provided for by subsection (a) is not an eligible individual and is not entitled to make such designation, then the Secretary, upon written notice to the taxpayer stating the reasons for denial, may deny the designation. The taxpayer may challenge the Secretary's ruling by bringing an action in the United States Tax Court or in the United States district court for the district of such taxpayer's residence, for a declaratory judgment as to whether the taxpayer is an eligible individual and entitled to make such a designation.

“(2) INCOME TAX LIABILITY.—The term ‘income tax liability’ means the amount of the tax imposed by chapter 1 on a taxpayer for any taxable year (as shown on such taxpayer's tax return) reduced by the sum of—

1 “(A) the credits (as shown in such return)
2 allowable under part IV of subchapter A of
3 chapter 1 (other than subpart C thereof), and

4 “(B) the amount designated under section
5 6096.

6 “(3) INCOME TAX PAYMENT.—The term ‘in-
7 come tax payment’ means the amount of taxes im-
8 posed by chapter 1 and paid by or withheld from a
9 taxpayer for any taxable year not in excess of such
10 taxpayer’s income tax liability.

11 “(C) MANNER AND TIME OF DESIGNATION.—A des-
12 ignation under subsection (a) may be made with respect
13 to any taxable year either—

14 “(1) at the time of filing the return of the tax
15 imposed by chapter 1 for such taxable year, or

16 “(2) at any other time (after the time of filing
17 the return of the tax imposed by chapter 1 for such
18 taxable year) specified in regulations prescribed by
19 the Secretary.

20 Such designation shall be made in such manner as the
21 Secretary prescribes by regulations except that, if such
22 designation is made at the time of filing the return of the
23 tax imposed by chapter 1 for such taxable year, such des-
24 ignation shall be made on the page bearing the taxpayer’s
25 signature.

1 “(d) SPECIAL RULE IN THE CASE OF JOINT RE-
 2 TURN.—In the case of an eligible individual filing a joint
 3 return, upon the consent of such individual’s spouse, the
 4 joint income tax payment may be designated pursuant to
 5 subsection (a).

6 “(e) EXPLANATION OF UNITED STATES PEACE TAX
 7 FUND PURPOSES.—Each publication of general instruc-
 8 tions accompanying an income tax return or a question-
 9 naire return described in section 6039F shall include—

10 “(1) an explanation of the purpose of the
 11 United States Peace Tax Fund,

12 “(2) the criteria for determining whether an in-
 13 dividual meets the requirements of section 6(j) of
 14 the Military Selective Service Act (50 U.S.C. App.
 15 456(j)), and

16 “(3) an explanation of the process for making
 17 the designation provided by this section.”.

18 (b) CLERICAL AMENDMENTS.—The table of parts of
 19 subchapter A of chapter 61 of the Internal Revenue Code
 20 of 1986 is amended by adding at the end thereof the fol-
 21 lowing:

“Part IX. Designation of income tax payments for transfer to
 United States Peace Tax Fund.”.

22 (c) DESIGNATION INFORMATION.—

23 (1) Subpart A of part III of subchapter A of
 24 chapter 61 of the Internal Revenue Code of 1986

1 (relating to information and returns) is amended by
 2 adding at the end thereof the following new section:

3 **“SEC. 6039F. UNITED STATES PEACE TAX FUND DESIGNA-**
 4 **TION INFORMATION.**

5 “(a) QUESTIONNAIRE RETURN.—Every taxpayer who
 6 makes a designation provided by section 6099(a) for any
 7 taxable year shall make a questionnaire return during
 8 such year for the purpose of determining whether the tax-
 9 payer is an eligible individual (within the meaning of sec-
 10 tion 6099(b)(1). The questionnaire return shall request
 11 the taxpayer to certify such taxpayer’s beliefs about par-
 12 ticipation in war, the source or genesis of such beliefs, and
 13 how the beliefs affect the taxpayer’s life.

14 “(b) QUESTIONNAIRE RETURN RECEIPT.—Upon re-
 15 ceipt of the questionnaire return, the Secretary shall issue
 16 a receipt to the taxpayer indicating timely filing of such
 17 return.”.

18 (2) The table of sections for such subpart is
 19 amended by adding at the end thereof the following
 20 new item:

“Sec. 6039F. United States Peace Tax Fund designation informa-
 tion.”.

21 (d) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply with respect to—

23 (1) taxable years beginning after December 31,
 24 1993, and

1 (2) any taxable year ending before January 1,
2 1994, for which the time for filing a claim for re-
3 fund or credit of an overpayment of tax has not ex-
4 pired on the date of the enactment of this Act.

5 (e) RULES APPLICABLE TO RETURNS OF TAX FOR
6 TAXABLE YEARS ENDING BEFORE JANUARY 1, 1994.—

7 (1) PENALTIES FOR FAILURE TO PAY TAX.—

8 Any civil or criminal penalty imposed on an individ-
9 ual for failing or refusing to pay all or a part of the
10 tax imposed by chapter 1 of the Internal Revenue
11 Code of 1986 shall be vacated and set aside if the
12 person upon whom the penalty was imposed—

13 (A) pays the tax due (with interest), and

14 (B) establishes to the satisfaction of the
15 Secretary of the Treasury that the failure or re-
16 fusal to pay was based upon such person's con-
17 scientious objection to participation in war in
18 any form within the meaning of section
19 6099(b)(1)(A) of such Code (defining eligible
20 individual).

21 (2) DISPOSITION OF AMOUNTS COLLECTED.—

22 There are hereby transferred to the Fund amounts
23 equivalent to the sum of the amounts paid into the
24 Treasury by persons under the provisions of para-
25 graph (1). Such amounts shall be deposited into the

1 Fund and shall be available only for the purposes
2 provided in this Act.

3 **SEC. 5. ESTATE TAX PAYMENTS TO UNITED STATES PEACE**
4 **TAX FUND.**

5 (a) IN GENERAL. Subchapter C of chapter 11 of the
6 Internal Revenue Code of 1986 is amended by adding at
7 the end thereof the following new section:

8 **“SEC. 2210. DESIGNATION OF ESTATE TAX PAYMENTS FOR**
9 **TRANSFER TO UNITED STATES PEACE TAX**
10 **FUND.**

11 “An eligible individual (within the meaning of section
12 6099(b)(1)) may elect that the tax imposed by section
13 2001 on the taxable estate of such individual shall be
14 transferred when paid to the United States Peace Tax
15 Fund established under section 3 of the United States
16 Peace Tax Fund Act. The election may be made by the
17 executor or administrator of the estate under written au-
18 thority of the decedent. Such election shall be made in
19 such manner as the Secretary shall by regulations pre-
20 scribe.”.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for subchapter C of chapter 11 of the Internal Revenue
23 Code of 1986 is amended by adding at the end thereof
24 the following:

“Sec. 2210. Designation of estate tax payments for transfer to
United States Peace Tax Fund.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply with respect to the estates of dece-
 3 dents dying after December 31, 1993.

4 **SEC. 6. GIFT TAX PAYMENTS TO UNITED STATES PEACE**
 5 **TAX FUND.**

6 (a) IN GENERAL.—Subchapter a of chapter 12 of the
 7 Internal Revenue Code of 1986 is amended by adding at
 8 the end thereof the following new section:

9 **“SEC. 2506. DESIGNATION OF GIFT TAX PAYMENTS FOR**
 10 **TRANSFER TO UNITED STATES PEACE TAX**
 11 **FUND.**

12 “An eligible individual (within the meaning of section
 13 6099(b)(1)) may elect that the tax imposed by section
 14 2501 shall be transferred when paid to the United States
 15 Peace Tax Fund established under section 3 of the United
 16 States Peace Tax Fund Act. The election shall be made
 17 in such manner as the Secretary shall by regulations pre-
 18 scribe.”.

19 (b) CLERICAL AMENDMENT.—The table of contents
 20 for subchapter A of chapter 12 of the Internal Revenue
 21 Code of 1986 is amended by adding at the end thereof
 22 the following:

“Sec. 2506. Designation of gift tax payments for transfer to Unit-
 ed States Peace Tax Fund.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply with respect to gifts made after
3 December 31, 1993.

4 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

5 (a) CERTIFICATION BY COMPTROLLER GENERAL.—
6 As soon after the close of each fiscal year as may be prac-
7 ticable, the Comptroller General shall determine and cer-
8 tify to the Congress and to the President the percentage
9 of actual appropriations made for a military purpose with
10 respect to such fiscal year. The certification shall be pub-
11 lished in the Congressional Record upon receipt by the
12 Congress.

13 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
14 hereby authorized to be appropriated each year a certain
15 portion of the Fund for obligation and expenditure in ac-
16 cordance with the provisions of this Act. Such portion is
17 equal to an amount which is the sum of—

18 (1) the product of—

19 (A) all funds transferred to the Fund in
20 each fiscal year, times

21 (B) the percentage determined under sub-
22 section (a) for such fiscal year, plus

23 (2) all funds in the Fund previously authorized
24 to be appropriated under this subsection but not yet
25 appropriated pursuant to this Act.

1 Funds remaining in the Fund shall accrue interest accord-
2 ing to the prevailing rate in long-term Government bonds.

3 (c) SURPLUS COVERED INTO GENERAL FUND.—The
4 remaining portion of the Fund after the application of
5 subsection (b) is hereby covered into the general fund of
6 the Treasury of the United States. No part of the funds
7 transferred to the general fund under this subsection shall
8 be appropriated for any expenditures, or otherwise obli-
9 gated, for a military purpose.

10 **SEC. 8. ELIGIBLE APPROPRIATIONS.**

11 (a) PAYMENTS.—Funds appropriated pursuant to the
12 authorization under section 7(b) shall be available, as pro-
13 vided in the appropriation Acts, to make grants, loans,
14 or other arrangements for eligible activities described in
15 subsection (c).

16 (b) ELIGIBLE ACTIVITIES.—The following activities
17 are eligible to receive funds under subsection (a):

18 (1) Special Supplemental Food Program for
19 Woman, Infants and Children (WIC).

20 (2) Head Start.

21 (3) United States Institute of Peace.

22 (4) Peace Corps.

23 (c) DISPLACEMENT OF OTHER FUNDS.—It is the in-
24 tent of this Act that the Fund shall not operate to release
25 funds for military expenditures which, were it not for the

1 existence of the Fund, would otherwise have been appro-
2 priated for nonmilitary expenditures.

3 **SEC. 9. DEFINITIONS.**

4 For the purposes of this Act:

5 (1) The term “military purpose” means any ac-
6 tivity or program conducted, administered, or spon-
7 sored by an agency of the Government which affects
8 an augmentation of military forces, defensive and of-
9 fensive intelligence activities, or enhances the capa-
10 bility of any person or nation to wage war.

11 (2) The term “actual appropriations made for
12 a military purpose” includes, but is not limited to,
13 amounts appropriated by the United States in con-
14 nection with—

15 (A) the Department of Defense;

16 (B) the Central Intelligence Agency;

17 (C) the National Security Council;

18 (D) the Selective Service System;

19 (E) activities of the Department of Energy
20 that have a military purpose;

21 (F) activities of the National Aeronautics
22 and Space Administration that have a military
23 purpose;

24 (G) foreign military aid; and

1 (H) the training, supplying, or maintaining
2 of military personnel, or the manufacture, con-
3 struction, maintenance, or development of mili-
4 tary weapons, installations, or strategies.

5 (3) The term “agency” means each authority of
6 the Government of the United States, whether or
7 not it is within or subject to review by another agen-
8 cy, but does not include—

9 (A) the Congress; or

10 (B) the courts of the United States.

11 (4) The term “person” includes an individual,
12 partnership, corporation, association, or public or
13 private organization other than an agency.

14 **SEC. 10. SEPARABILITY.**

15 If any section, subsection, or other provision of this
16 Act, or the application thereof to any person or cir-
17 cumstance is held invalid, the remainder of this Act and
18 the application of such section, subsection, or other provi-
19 sion to other persons or circumstances shall not be af-
20 fected thereby.

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