

Mr. SURREY. I think he did. He basically agreed with the need for tax reform. He said tax reforms is a job that very much needs to be done.

Mr. VANIK. I heard that. Yes; he said that.

Mr. SURREY. That is the same thing.

Mr. VANIK. You see, at this very moment we are talking about a tax bill and the people of America have a tax consciousness right now that has never been more acute. They are paying more in local taxes, they are paying higher sales taxes. Now we are coming with a prospective surtax, and they are alarmed. They are at this moment concerned not with a promise about some reform but about some achievement.

I think we ought to be taking steps in this direction in order to meet this argument, in order to sell, in order to make it possible for the taxpayers to accept the surcharge at this time.

Mr. SURREY. I think the Secretary in effect really did indicate very strongly in his statement that the President will be sending a message proposing comprehensive tax reform later in this session. That is the first step.

I would assume the second step is in his words, "I hope your committee will be giving its consideration to the President's reform recommendations in the months ahead."

Mr. VANIK. I have been awaiting some of these reforms since I came to Congress some 13 years ago. We have been a long time getting around to it. I feel that this is an appropriate time.

Certainly I think before we can act intelligently upon the surcharge issue we ought to have some concern about the untaxed income of America. It relates to this problem.

The President said if you have another or better method, think it up, produce it. I think we ought to try to meet that challenge. We can't do it without the cooperation of your office giving us these figures, which I think are essential in our determination.

As I take it, you will provide an estimate of the aggregate amount of tax-exempt income through tax-free bonds and you will endeavor to in some way or another indicate how they are held from whatever sources you have.

It seems to me that it would be almost appropriate to add on the tax return a line for "any other income which you believe not subject to tax." This would be a great relief to many taxpayers who have income they may not be sure about. It seems to me that would serve a very useful purpose.

If a taxpayer reported this, it might clear the doubts in his own mind and at the same time provide your office with very valuable information concerning the extent and the amount of untaxed income in America.

There may be other areas of taxation that you do not know about and that your office has not awareness of. I think maybe we ought to have some way of characterizing and tracking down these areas of untaxed income if your office will do that.

While you are at it, I would appreciate the record providing the amount of money that might be raised in taxes, the revenue gain, if we were to make capital gains a 1-year capital gains period instead of 6 months. There is a lot of reason to consider that.