

# United States Senate

WASHINGTON, DC 20510

April 13, 1989

The Honorable Nicholas F. Brady,  
Secretary of the Treasury  
15th Street and Pennsylvania Avenue  
Washington, D.C. 20220

Dear Mr. Secretary:

We are writing to urge you to immediately use your authority to waive any penalties for 1989 with respect to non-compliance with Section 89 of the Internal Revenue Code.

The Treasury has testified before the Senate Small Business Committee that this provision, which took effect in January of this year, requires significant revision if it is to achieve its original intent. Treasury has further testified that the partial regulations which it has issued to provide guidance for those businesses which are affected by Section 89 are inadequate. The Senate has voted 98-0 in support of repeal or significant revision of Section 89, and legislation to repeal Section 89 has been co-sponsored by more than 300 members of the House of Representatives.

It is as clear as Section 89 is complex that the law in its current form will not survive 1989, if it survives at all. In light of the virtual certainty of congressional action, in light of Treasury's own admission that complying with the partial regulations will require 9,000,000 hours, and in light of the great monetary expenses that businesses will incur if they attempt to comply, we believe that the only sensible course of action is for Treasury to immediately announce that it will waive all penalties for non-compliance with Section 89 for 1989.

This action by Treasury should not be a substitute for the long term solutions of repeal, delay or substantial revision. However, it is the most immediate action that can be taken. It would recognize the simple reality that it is illogical and unfair to ask businesses to go to great expense in attempting to comply with a law for this year which the Treasury and most of the Congress acknowledge is significantly flawed and which will almost certainly be substantially revised if not totally repealed.