

OCA 87-1898

5 May 1987

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing on Internal Revenue Code § 6050M

1. On 5 May 1987, [redacted] of the Office of General Counsel and I briefed staff members of the Senate Finance Committee and the Joint Committee on Taxation regarding classified contracts and the Agency's problems in complying with § 6050M of the Internal Revenue Code. Attending from the Senate Finance Committee were Frank Cantrell and Norm Richard. Barry Wold and Joseph Nega attended on behalf of the Joint Committee on Taxation. Patty McClanahan of the Department of the Treasury was also present as were Tom Coleman, Linda Christensen and Dick Stark of the Internal Revenue Service.

STAT

2. [redacted] began by briefly explaining that the Agency has a problem with this particular section because it involves collection procedures and not enforcement procedures, for which administrative accommodations have been made. Wold, who led the meeting, asked why IRC § 6103 does not offer adequate protection (this section prohibits disclosure of certain tax information). Breneman explained that that section does not afford the same protections as a security clearance and that the IRS does not have the mechanisms to ensure that § 6103 is indeed working.

STAT

3. While Wold and the other staff members seemed to have no problems with the Agency acquiring an exemption from § 6050M for contracts in which the contractor's relationship with the Agency is classified, he did not understand why the Agency would need an exemption for contracts in which only the subject matter is classified. [redacted] explained that we could not fully detail this in an unclassified forum and would be happy to provide him the answer when we have checked the clearances of whatever staff member he chooses to have briefed on the issue. He said that he anticipated that it would be himself, but he would have to check with the staff member of the Ways and Means Committee, Maxine Champion, in order to ensure that that committee has no problem with the exemption. He will telephone me with the necessary information to obtain the clearance once he has touched base with Champion.

STAT

4. The exemption would be placed in a technical corrections package to be introduced within the next two weeks. Thus, he would need the briefing and the suggested language within one week to 10 days. [redacted] gave him a copy of draft language and I stated that we had not yet finalized this language with the other agencies within the Intelligence Community, but would begin that process immediately.

STAT

STAT

[redacted]
Legislation Division
Office of Congressional Affairs

Distribution:

Orig. - OCA/LEG Subject File: Procurement/Small Business

1 - OCA Registry

1 - OCA/LEG/RH Signer

1 - OCARead

OCA/LEG (6 May 87)

STAT