



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Chairman Chuck Grassley
Hearing, "Tax Code Complexity: New Hope for Fresh Solutions"
Thursday, April 26, 2001

This morning we are gathered to hear about an age-old problem -- the complexity of our tax code. People have been complaining about how complex the tax code is since its enactment in 1913. If folks thought it was complicated then, they should see it now.

The twist in this morning's hearing is that we will not only hear about how complicated the tax code is, we will also be hearing about possible ways to fix it. For too many years, more and more tax items have been getting swept under the rug. Well, that rug is getting pretty darn bumpy. It's time to stop sweeping, and start doing some serious cleaning.

It is important that as we commit ourselves to tax cuts, that we also commit ourselves to simplifying the tax code itself. In creating new tax legislation, there are three principles that must be followed: fairness, efficiency and simplification.

In the course of our recent hearings on various broad-based tax cuts, Senator Baucus and I have raised simplification issues. We have also been making a real effort to incorporate the concept of simplification into our work.

For example, the education tax relief bill we reported out of here a few weeks ago contained several provisions that help make the education tax benefits easier to use. The Hope and Lifetime Learning Credits were coordinated with distributions from tax-preferred plans, the student loan interest deduction was simplified, and the employer-provided education was made permanent.

We need to continue these efforts as our work on tax cuts continues. It is important that we not lose sight of the goal of a tax system that people believe in -- this is why we need to restore confidence in our tax code by making it easier to follow.

The Joint Committee on Taxation has been working hard for over a year on the simplification study that its Chief of Staff, Lindy Paull, will present today. This major undertaking -- 1,300 pages in all -- reports on the state of our federal tax system. It also contains recommendations about how to get our tax code cleaned up and in smooth working order.

The bottom-line is that this Joint Tax study gives us an opportunity to renew our commitment to making our tax code better for everyone. This morning we will also hear from the tax experts who have the talent to help us get our tax code into working order for all taxpayers.

It is time for us as responsible tax legislators to seize the day and take these recommendations to heart. To the extent these proposals can be worked into our ongoing tax reductions efforts, it will be a win-win situation for everyone.

