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BAUCUS KICKS OFF TAX REFORM HEARINGS WITH REVIEW OF 1986 TAX ACT
Finance Chairman Looks For Ways to Improve U.S. Competitiveness, Make the Tax Code More Efficient and Fair

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today convened the first in a series of hearings on reforming the tax code to boost American competitiveness in the global economy and make the code more simple and fair for all Americans. Baucus examined the landscape leading up to the Tax Reform Act of 1986, compared that landscape to today’s, and used that perspective to generate new reform ideas. Baucus questioned expert witnesses on their insights into the 1986 reforms, and considered how a similar effort would look today.

“As we consider tax reform it is critical to ensure we have a fair and efficient tax code that encourages job creation. We need to attract new businesses, manufacturers and jobs – not just keep those we already have – and we need to make the tax code fair and reasonable for all Americans,” Baucus said. **“There are few examples of a more direct interaction between Americans and their government than paying taxes, so it should not take a post-graduate degree to figure it all out. Americans deserve fairness, efficiency, and simplicity from the tax system.”**

Baucus heard from expert witnesses including former Congressmen Dick Gephardt and William Archer who both served on the House Committee on Ways and Means during the 1986 reforms. He also heard from John Chapoton who served as Assistant Secretary for Tax Policy of the Treasury during the early 1980s and Dr. Randall Weiss who served as the Chief Economist and Deputy Chief of Staff for the Joint Committee on Taxation through the 1980s. Baucus asked the witnesses for their views on the motivations behind that effort, and what parallels can be drawn between then and now.

Baucus stressed the need to simplify the bloated tax code, which has reached some 70,000 pages in length. The 1986 reforms eliminated loopholes and carve-outs for special interests, while leveling the playing field for families and businesses that lack the access private accountants and firms. But in the 24 years since, Congress has made 15,000 new changes, creating problems similar to those faced pre-1986. Tax expenditures now exceed one trillion dollars per year, and uncertainty over the future of the tax code threatens business growth.

Baucus heard from the witnesses about their views on the need for bipartisanship in tax reform legislation. Baucus also highlighted the importance of using the tax code to maintain a competitive stance in the global marketplace. Tax reform that produced a stable, understandable code, Baucus and the witnesses agreed, would instill a level of confidence among businesses and individual citizens that would help stabilize and re-grow the economy.

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