



Committee On Finance

Max Baucus, Ranking Member

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For Immediate Release
Wednesday, September 20, 2006

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**Opening Statement of U.S. Senator Max Baucus (D-Mont.)
Hearing before the Senate Finance Committee
Our Business Tax System: Objectives, Deficiencies, and Options for Reform**

Susan B. Anthony once said: "Cautious, careful people, always casting about to preserve their reputations, can never effect a reform."

That's true, Mr. Chairman. Many, including the administration, seem to be afraid to address true tax reform. In contrast, you, Mr. Chairman, have taken it on. Thank you for calling this hearing on how tax reform would affect business.

The President's Tax Reform Advisory Panel spent almost a year hearing from taxpayers and interest groups. The panel studied the issue. And the panel issued a very detailed report.

Down at Treasury, they seem to have just put that report on the shelf. Treasury seems to have ignored that report, along with its recommendations. The exception to that rule is our Treasury Department witness today, Robert Carroll. He produced a fairly glowing analysis of the report.

I look forward to asking him a number of questions about it. How would the loss of depreciation deductions on existing assets under these proposals affect American businesses like Ford and GM? What about the loss of interest deductions? What about the costs of transitioning to the new regime? And will tax reform help to reduce the budget deficit? These are all questions for which we need answers, as we consider tax reform.

I am also glad that the Comptroller General, David Walker, is here with us today. He admonishes us that we cannot consider these issues in a vacuum. He warns that long-term budget issues must play a part of any tax reform debate. And he's right.

I welcome back to the Committee former IRS Commissioner Charles Rossotti. His participation on the tax reform panel was surely greatly appreciated.

And I look forward to the testimony of Dr. Neubig, Mr. Bernard, and Mr. Johannesen, who will give us the real-life perspective from the private sector.

"Cautious, careful" ideas, ideas designed "to preserve . . . reputations," cannot bring about true reform. True reform requires big ideas. I appreciate the willingness of our witnesses to come forward today. And I'll be listening for the big ideas that we will need to reform our tax code.

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