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BAUCUS CALLS FOR TAX REFORM TO SET CAPITAL GAINS RATES THAT WILL BOOST ECONOMY, SPARK JOB GROWTH

Finance Chairman Highlights Complexity, Progressivity as Issues to Consider During Tax Reform Process

Washington, DC – In a joint Senate Finance and House Ways and Means Committee hearing today, Finance Committee Chairman Max Baucus (D-Mont.) said the process to reform the nation's tax system must include a comprehensive review of the rates on capital gains to find a level that sparks broad-based growth, creates jobs and strengthens the economy. He added that the reform process needs to consider the capital gains rate in conjunction with those on individual wage income, corporate income and dividends. Senator Baucus also noted that many high-income earners have a lower effective tax rate than middle class families, because the capital gains tax rates are lower than those on wages.

"Our entire tax code – including its treatment of capital gains – needs to be rebuilt for the 21st century economy. We need a system focused on broad-based economic growth and jobs," Senator Baucus said. **"In order to get tax reform done, we'll need members of both parties and both chambers willing to tackle the tough issues."**

At today's hearing, Senator Baucus questioned whether it is feasible to lower wage income tax rates substantially without an increase in the capital gains rate to maintain revenue. He also noted the fact that capital gains taxes are a major driver of the tax code's complexity; experts say about half the code – more than 20,000 pages – exists solely to address capital gains. Senator Baucus said because of that complexity, and because the capital gains rate is lower than the standard income tax rate, many people try to skirt their tax responsibilities and game the system.

Senator Baucus's recent hearings on tax reform have looked at ways to [reduce distortions in business](#) caused by the tax code, [help families afford college](#) and [boost economic opportunity](#) for young Americans. Under his leadership, the committee began holding hearings on tax reform and the history of the tax code two years ago. Earlier this year, Senator Baucus identified [four goals for tax reform](#): economic growth, competitiveness, innovation and opportunity. Today's hearing, a joint hearing with both the Senate Finance and House Ways and Means Committees, was the third of its kind held during this Congress.

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