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**BAUCUS LOOKS TO IMPROVE TAX CODE TO GROW ECONOMY,
PROTECT AGAINST TOO MUCH DEBT**

Finance Chairman Examines Different Tax Treatment of Debt, Equity

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) convened a joint hearing with the House Ways and Means Committee today to look at ways to improve the tax code to encourage job creation and grow the economy, while ensuring the different tax treatment of debt and equity does not encourage households and businesses to take on too much debt. Today's hearing, part of Baucus's ongoing tax reform series, is the first time the committees have held a joint tax hearing since 1940.

"As we work to reform the tax code to create jobs and bolster our economy, we need to evaluate the role corporate and household debt plays in economic stability and growth," said Baucus. **"The tax code should boost widespread economic growth, but we must ensure it does not also encourage businesses and individuals to put themselves in precarious positions by taking on too much debt."**

At the hearing Baucus examined the impact of the tax code's treatment of debt and equity on job creation, economic growth and household and business debt. Baucus sought answers about the best way for the code to treat and define debt to increase growth in the economy and ensure that it is not vulnerable to financial crises in the future. Baucus also reviewed reports released this week by the Joint Committee on Taxation (JCT) on the tax treatment of household debt and business debt. [In March, Baucus and House Ways and Means Chairman Dave Camp \(R-Mich.\) instructed the JCT](#) to undertake the research in these reports to help advance the ability of Congress to enact comprehensive tax reform.

The Finance Committee began its examination of the code last September with a review of the lessons of the 1986 Tax Reform Act and considered historical trends in income and revenue last December. More recently, the Committee held hearings to discuss options to simplify tax administration and ease filing burdens for individuals and businesses, to look at changes to the tax environment over the last two decades, to consider whether the tax code could do more to incentivize economic growth and job creation and to examine ways to increase how much people respond to specific tax incentives for individuals and businesses. Watch today's and all past hearings and view witness testimony on the Committee website at <http://finance.senate.gov/hearings/>.

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