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BAUCUS SEEKS IMPROVED TAX CODE TO CREATE JOBS, GROW U.S. ECONOMY

At Hearing, Finance Chairman Analyzes Current Tax System's Effect on Job Creation and Widespread Economic Growth

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) kicked off a new subset of his series of tax reform hearings today by considering the tax code's effect on job creation and widespread economic growth. Today's hearing and the examination of the reasons for reform are part of a regular series Baucus began last year to look at ways to make the code more competitive and fair, while making it less complex.

"Our tax code must maximize job creation and widespread economic growth," said Baucus. **"We need our tax system to stimulate economic development, encourage business activity, and promote fairness and certainty while minimizing compliance and administrative costs to taxpayers. Improvements to our tax code must support putting Americans back to work and ensure the long-term prosperity of our country."**

Baucus sought answers from the expert witnesses on how the tax code is affecting individual and businesses decisions and what specific changes could be made to incentivize job creation and widespread economic growth in light of increasing globalization.

Baucus examined the tax system's effect on household and business debt levels, and asked whether tax incentives for debt-financing contributed to the financial crisis or hurt the economy in other ways. He asked witnesses whether it is a problem that large businesses are much more likely to avoid the corporate tax by paying tax as a passthrough business in the U.S. than they are in other countries. He also sought answers to how the tax code could encourage investors to make sound investments instead of supporting investment in underperforming assets that can cause businesses to become overleveraged in a way that hurts the economy.

Baucus also asked whether the individual incentives for savings in the tax code effectively promote individual savings, and how best to simplify the multitude of provisions in the tax code to encourage Americans to save.

The Finance Committee began a comprehensive review 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. In a [hearing held last week](#), Baucus reviewed the changes made to the tax code since the 1986 reform efforts and the extent these changes have kept up with transformations in the U.S. and global economy. Video of the hearings can be found on the Finance Committee's website at <http://finance.senate.gov/hearings/>.

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