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Floor Statement of Senator Max Baucus (D-Mont.)
On the Public Calling for Tax Reform
As prepared for delivery

Just outside this chamber, are the likenesses of Washington, Jefferson, Lincoln and dozens of statesmen cast in bronze and marble. I often look to these individuals for inspiration and quotes when writing a speech.

On a recent walk across the Capitol to meet my colleague, Congressman Dave Camp, I passed a giant statue of Andrew Jackson, our nation's seventh president.

It was Jackson who famously said, "The wisdom of man never yet contrived a system of taxation that would operate with perfect equality."

Mr. President, those words were spoken by Jackson in 1832. More than 180 years later, our nation still struggles with a broken tax system.

Our tax code today is inequitable, inefficient and incomprehensible to the overwhelming majority of Americans.

It contains nearly four million words — *four million*. If someone were to try and read the entire code aloud, it would take them more than 18 uninterrupted days.

Not only is the code long, but it is maddeningly complex. There are 42 different definitions of a small business in the code — *42*.

There are 15 different tax incentives for higher education. So many that the IRS had to publish a booklet just to explain and simplify the higher education tax incentives. And that book is *90* pages long.

The code is such a labyrinth, 90 percent of American taxpayers have to use an accountant or some kind of computer software to file their tax returns. Even with all this assistance, it still takes the average taxpayer 13 hours to gather and compile the receipts and forms to comply with the code.

The tax code today is also inefficient and unfair. It is riddled with loopholes and deductions that result in more than \$1 trillion in lost revenue each year. This complexity in the code is eroding confidence in our economy and creating uncertainty for America's families and businesses. It is also threatening to undermine the competitiveness of the United States in the global marketplace.

Harvard Business School did a survey last year asking 10,000 of its graduates who live and conduct business around the world about the challenges of doing business in America. These individuals are leaders on the front lines of the global economy, and they are pessimistic about America's economic future.

The vast majority of those surveyed, 71 percent, expected U.S. competitiveness to deteriorate over the next several years. And what did they identify as the root of America's competitiveness problem? Respondents pointed to America's tax code as one of the greatest weaknesses in the U.S. business environment.

Dig deeper and you learn respondents were deterred from investing in the United States not simply by a high statutory corporate tax rate, but also by the sheer complexity and uncertain future of the tax code.

The survey concludes with a dire warning. "For the first time in decades, the business environment in the United States is in danger of falling behind the rest of the world," it said.

"That's bad news for everyone. A fundamentally weakened U.S. economy is not only an American problem but also a global risk."

Mr. President, Chairman Camp and I have been working together for more than two years on comprehensive tax reform.

Here in the Senate, I've been working on tax reform for the past three years with my good friend Senator Hatch, the Ranking Member of the Finance Committee.

We have held more than 30 hearings and heard from hundreds of experts about how tax reform can simplify the system for families, help businesses innovate and make the U.S. more competitive.

Last month, Senator Hatch and I completed work with the Finance Committee on an extensive, three month, top to bottom review of the tax code. We met as a full Committee every week to collect feedback on different topics in tax reform and issued a series of 10 discussion papers to kick-start the conversation.

In an effort to include the entire Senate in our efforts, we recently called on all Senators to partner with us and provide their input and ideas for reforming the code.

Starting with a blank slate, we called on all Senators to submit their proposals for what they want to see in a reformed tax code.

This is an important exercise and everyone needs to be involved. We need every Senator to weigh-in on tax reform. The deadline is this tomorrow; Friday. I encourage all of my colleagues to submit ideas and make your voices heard.

Your constituents are certainly making their voices heard. We've received more than 10,000 comments and ideas so far through the website Chairman Camp and I created, taxreform.gov — 10,258 to be exact.

Overwhelmingly, Americans from every corner of our country are calling for a simplified tax code. People think they should not have to spend hours upon hours and hundreds of dollars to prepare their taxes. I, for one, agree.

Let me share a couple of submissions to taxreform.gov.

Jennifer from Hollywood, Maryland, writes: "I've been doing my family's taxes for 22 years. This year my husband suggested we use a tax service. Why? The tax code is too complicated and he was concerned we were missing deductions."

Mike, from Fort Collins, Colorado provides an example of the complexity in the code, writing: "I have been a tax assistance volunteer for 19 years. It is difficult to tell someone who knows what a child is that there are actually four different definitions for a child in the tax law. Make the same definition apply across the entire tax code. The best way is the simplest way."

Wendy from Irvine, California, writes: "I don't mind paying taxes - we need education, infrastructure, and a defense. What I do mind is that it's a complete mystery and a complete game to find every allowable deduction and that it is a significant burden as well as a significant expense to pay a qualified preparer. How has this come to be? My returns are 20-50 pages long. Why is it more than two? There must be a way to simplify the process."

Wendy's right — there must be a way to simplify the process.

Mr. President, that's the same message Chairman Camp and I heard earlier this month in St. Paul, Minnesota. We were in the Twin Cities for the first in a series of trips we are taking across the country to speak with people about tax reform. We want to get out of Washington this summer and get input and feedback from people on dealing with America's tax system.

It was a great trip. We met with the leaders of two distinctly different types of American businesses. One was a U.S. based multinational corporation with more than 85,000 employees. The other was a family-run bakery with 85 employees.

While dramatically different in size and in industry, they face similar challenges when it comes to dealing with America's tax code.

And in conversation after conversation, we heard the same thing: we need a simpler tax code. St. Paul was just the first stop. Chairman Camp and I will be visiting several other cities in the coming weeks.

Our next trip is to Philadelphia on Monday. We plan to sit down with small business owners and individuals who submitted ideas to our website, taxreform.gov.

We will talk to them about how we can make the tax system fairer and easier to deal with. We want to learn how we can restore some confidence in the tax code.

Our efforts on tax reform have been ramping up over the past several weeks, and we are continuing to build momentum.

Tax reform provides a historic opportunity to give families certainty, spark economic growth, create jobs and make U.S. businesses more competitive. It can provide America a real shot in the arm.

Mr. President, I will conclude my remarks as I began them, with a quote. These words are from our nation's sixth President, John Quincy Adams.

Adams said, "Patience and perseverance have a magical effect before which difficulties disappear and obstacles vanish."

Patience and perseverance — I have a lot of them. And I will put them to good use pushing to make the tax system fairer and easier for families across America.

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