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BAUCUS WEIGHS TAX CODE IN LIGHT OF CHANGES IN GLOBAL ECONOMY, ENCOURAGES FAIRNESS

*Finance Chairman Examines Changes since 1986 Reform Effort, Says Tax Code Hasn't Kept Up with
Technological Innovations, Globalization*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) convened a hearing today to consider ways to make the tax code fairer and simpler, while making U.S. businesses more competitive, in light of the globalization of the economy and technological innovations. Baucus reviewed the changes made to the code since the landmark Tax Reform Act of 1986 and the extent these changes have kept up with transformations in the U.S. and global economy. Today's hearing is part of a regular series Baucus is holding to look at ways to make the code more competitive and fair, while making it less complex.

"The 15,000 changes made to the tax code since the 1986 reform effort have stretched the code in different directions, often eroding fairness and simplicity," said Baucus. "As we work to simplify the tax code and make it more fair and competitive, changes need to reflect our increasingly global economy and ensure our tax system supports widespread economic growth. Vast technological innovations have transformed our economy and we should look to these innovations as opportunities to spur job creation and economic growth."

Baucus stressed the need for changes to make the tax code fairer, help businesses to create more U.S. jobs and reduce the potential for exploitation of the tax code by special interests. Baucus said we need to ensure the improvements made to the code in tax reform are long-lasting. He also asked the witnesses about ways to measure the effectiveness of tax incentives.

Baucus also noted the need for tax reform to reduce the estimated \$300 billion tax gap – the difference between the amount of taxes owed and taxes paid. Baucus said tax reform must include ways to improve compliance without exerting excessive burdens on individuals and businesses.

The Finance Committee began its 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. Video of the hearings can be found on the Finance Committee's website at <http://finance.senate.gov/hearings/>.

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