

1 OPEN EXECUTIVE SESSION TO CONSIDER AN ORIGINAL BILL
2 ENTITLED THE "TAX CUTS AND JOBS ACT"
3 MONDAY, NOVEMBER 13, 2017
4 U.S. Senate,
5 Committee on Finance,
6 Washington, DC.

7 The hearing was convened, pursuant to notice, at
8 3 p.m., in Room 216, Hart Senate Office Building, Hon.
9 Orrin G. Hatch (chairman of the committee) presiding.

10 Present: Senators Grassley, Crapo, Roberts, Enzi,
11 Cornyn, Thune, Portman, Toomey, Heller, Scott, Cassidy,
12 Wyden, Stabenow, Cantwell, Nelson, Carper, Cardin, Brown,
13 Bennet, Casey, Warner, and McCaskill.

14 Also present: Republican Staff: Jennifer Acuna,
15 Senior Tax Counsel and Policy Advisor; Chris Armstrong,
16 Chief Oversight Counsel; Tony Coughlan, Senior Tax
17 Counsel; Bryan Hickman, Senior Counsel; Matt Hoffman,
18 Policy Director; Jay Khosla, Staff Director; Jennifer
19 Kuskowski, Health Policy Director; Alex Monie,
20 Professional Staff Member; Eric Oman, Senior Policy
21 Advisor for Tax and Accounting; Martin Pippins, Detailee;
22 Mark Prater, Deputy Staff Director and Senior Tax
23 Counsel; Preston Rutledge, Senior Tax and Benefits
24 Counsel; Jeff Wrase, Chief Economist; and Nicholas Wyatt,
25 Tax and Nominations Professional Staff Member.

1 Democratic Staff: Ryan Abraham, Senior Tax and
2 Energy Counsel; Robert Andres, Tax Policy Analyst;
3 Christopher Arneson, Tax Policy Advisor; Adam Carasso,
4 Senior Tax and Economic Advisor; Ryan Carey, Press
5 Secretary and Speech Writer; Michael Evans, General
6 Counsel; Elizabeth Jurinka, Chief Health Advisor; Sarah
7 Schaefer, Tax Policy Advisor, Small Business and Pass-
8 Throughs; Joshua Sheinkman, Staff Director; Tiffany
9 Smith, Chief Tax Counsel; Arielle Woronoff, Senior Health
10 Counsel; and Drew Crouch, Senior Tax and ERISA Counsel.

11 Non-Designated Staff: Jewel Harper, Senior Deputy
12 Clerk; Joshua LeVasseur, Chief Clerk and Historian;
13 Susanna Segal, Deputy Clerk; and Athena Schritz, Hearing
14 Clerk.

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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR
2 FROM UTAH, CHAIRMAN, COMMITTEE ON FINANCE

3

4 The Chairman. The committee will come to order.

5 Today the committee has before it a Chairman's mark
6 of an original bill entitled The Tax Cuts and Jobs Act.
7 This legislation, if enacted, would make a number of
8 important reforms to our Nation's tax system and relieve
9 the tax burden on American taxpayers, with a focus on the
10 middle-class families.

11 Today's markup is the culmination of a year's long
12 tax reform effort. On this committee, both parties have
13 been engaged in this endeavor, which has included the
14 work of multiple chairmen from both sides of the aisle
15 and almost every member has participated in this process.

16 Our former chairman, Senator Max Baucus, was very
17 much engaged in this effort, as was his counterpart on
18 the Republican side, another former chairman, Senator
19 Grassley.

20 My Ranking Member, Senator Wyden, has also done a
21 great deal of work on this effort, both as previous
22 chairman of the committee and as a long-time committee
23 member.

24 Others who have served on this committee and most of
25 those who are now on the committee have done a great deal

1 of work to advance tax reform.

2 I want to thank all of my colleagues for their work
3 over the years to get us to this point.

4 I will have more to say about members' individual
5 contributions in the coming days. For now, I would like
6 to take a few moments to talk about some of the
7 highlights in the bill that will be before us today and
8 this week.

9 First and foremost, this legislation will provide
10 much needed tax relief to American workers and families.
11 It reduces rates across the board, particularly for those
12 in the middle class who have struggled to get through the
13 past 8 years of economic stagnation.

14 It provides substantial benefits for parents and
15 families and preserves a number of key elements of our
16 existing tax code. The bill modifies the bracket
17 schedule, setting up seven separate tax brackets, the
18 lowest at 10 percent and the highest at 38.5 percent.

19 There is also an expanded zero tax bracket, meaning
20 more families will see their tax liability eliminated
21 entirely.

22 While the unified framework that congressional and
23 administrative leaders released last month envisioned
24 fewer rate brackets, we found that the additional
25 brackets help us to better target tax relief to lower-

1 income Americans and to the middle class.

2 However, even with the additional brackets, the
3 system will be much simpler for the vast majority of
4 taxpayers, because the bill nearly doubles the standard
5 deduction up to \$12,000 for individuals, \$24,000 for
6 married couples, and \$18,000 for single parents.

7 This, as I just mentioned, effectively expands the
8 zero tax bracket and reduces the tax burden for millions
9 of families, removing entirely the tax liability for many
10 others, eliminating their need to itemize deductions.

11 According to projections, more than 90 percent of
12 taxpayers will use the standard deduction under this plan
13 -- that is in contrast to around 70 percent today --
14 which makes the process of computing and filing one's
15 taxes a much simpler proposition.

16 The bill also expands the child tax credit from
17 \$1,000 to \$1,650 and substantially lifts existing income
18 caps on the credit, allowing many more parents to claim
19 the credit, and giving additional tax relief to middle-
20 class families.

21 Let me give a couple of examples of how this will
22 help.

23 Under our bill, a family of four, making the U.S.
24 median family income of around \$73,000 a year, will see
25 their federal income taxes reduced by more than 40

1 percent.

2 In specific dollar terms, that is a reduction of
3 nearly \$1,500 for a single year. That is about \$125 more
4 take-home pay for every month for a single parent making
5 \$41,000 a year. They will receive a tax cut of more than
6 \$1,000, which cuts their overall tax liability by a
7 little more than half.

8 That is real money that will help tens of millions
9 of American families make ends meet, save for the future,
10 or simply improve their quality of life.

11 Our bill also preserves the mortgage interest
12 deduction and the deduction for charitable contributions.
13 Those are two really important provisions that many
14 support and want to keep in place.

15 We have also gotten a number of letters and heard
16 statements from many of our Democratic colleagues urging
17 us to maintain a number of other provisions in the
18 current code. For example, I received a letter last week
19 signed by 16 Senate Democrats urging us to, quote,
20 "protect existing tax incentives that promote retirement
21 savings among American workers," unquote.

22 Our bill, in accord with the urging of these
23 colleagues, Democrat colleagues, keeps the most popular
24 retirement savings programs, 401(k)s and individual
25 retirement accounts, fully in place.

1 Others have weighed in on things like the adoption
2 tax credit or the deduction for medical expenses, both of
3 which are unchanged in this legislation. And we have
4 gotten word from colleagues about their desire to keep
5 the earned income tax credit where it is. Our bill
6 protects that provision, as well.

7 Thus far, I have only mentioned the individual
8 reforms in the bill. But if you look at the policies I
9 have mentioned, you should notice that they represent
10 ideas that both Republicans and Democrats tend to
11 support.

12 In fact, our Ranking Member introduced legislation a
13 few years back that would have significantly brought down
14 individual rates across the board, in a fashion similar
15 to the approach outlined in our framework, I might add,
16 and nearly tripled the standard deduction.

17 It would have also repealed the alternative minimum
18 tax, as would the bill we are debating today.

19 In those and other respects, that previous
20 legislation is pretty similar to ours.

21 On the business side, our bill will permanently
22 lower the corporate tax rate to 20 percent. The current
23 25 percent corporate tax rate is the highest in the
24 industrialized world. Actually, it is 35 percent
25 corporate tax rate. That is the highest in the

1 industrialized world.

2 This is a drag on our economy and one of the few
3 factors continually chasing companies and economic
4 activity offshore.

5 If this idea sounds familiar, it should. Members of
6 both parties for years now have called for lowering the
7 corporate tax rate, recognizing that by being so out of
8 step with the rest of the industrialized world, we put
9 American companies, the workers they employ, and the
10 customers they serve at a major disadvantage.

11 For example, in this legislation, with former
12 Senator Coats, Senator Wyden proposed reducing the
13 corporate tax rate to 24 percent. Two years ago, our
14 bipartisan working group on business tax code, chaired by
15 Senators Cardin and Thune, said that business taxes
16 should be lower. In fact, that recommendation was the
17 first principle of business tax reform listed in their
18 report to the committee and the Senate as a whole.

19 President Obama, in one of his later budgets,
20 proposed reducing corporate tax rates to as low as 25
21 percent for certain sectors. And last year, President
22 Bill Clinton, even as his wife's presidential campaign
23 was calling for an increase in corporate taxes, said that
24 we should lower our corporate rates. He wanted to lower
25 them to be more on a par with our foreign competitors.

1 We place the rate at 20 percent in our bill, which
2 is slightly below the current average of OECD countries.

3 Our bill also lowers the burden on small businesses
4 through a fairly unique approach. For pass-through
5 businesses whose income is taxed on individual returns,
6 our bill provides a simple tax deduction for qualified
7 business income, leaving regular compensation to be taxed
8 at the individual rates.

9 The mechanism involved uses existing provisions of
10 the tax code which businesses are accustomed to dealing
11 with and have a large body of precedent behind them. The
12 mechanism provides firm policing against anyone thinking
13 about mischaracterization of one form of income as
14 another in order to unduly lower their tax bill.

15 Our legislation also expands the availability of
16 cash accounting in order to allow more businesses to
17 simplify their accounting methods.

18 It expands Section 179 expensing for small
19 businesses in order to help owners invest and expand
20 their businesses so they can increase productivity and
21 hire more workers.

22 The bill also provides businesses with full and
23 immediate expensing for new equipment, again, to enhance
24 productivity, create jobs, and grow wages for American
25 workers.

1 Finally, the bill modernizes our archaic
2 international tax system, moving us more toward a
3 territorial tax system. Our current worldwide system is
4 another element of our tax code that chases jobs,
5 economic activity, and investment out of the United
6 States.

7 Under this legislation, American multinationals will
8 be able to bring funds from their foreign subsidiaries
9 back into the U.S. without facing tax liability.

10 That means an end to the, quote, "lockout effect,"
11 unquote, which, in turn, means more investment,
12 production, and economic growth right here in America,
13 which, of course, translates into more jobs and better
14 wages for taxpayers.

15 To provide safeguards, our bill also includes
16 provisions to prevent earnings stripping and other
17 practices that erode our tax base. This is another area
18 where both parties tend to agree.

19 In 2015, for example, a bipartisan working group on
20 international tax reform, which was co-chaired by Senator
21 Portman and the current Senate Minority Leader, assessed
22 the problems with the current international tax system
23 and recommended changes entirely consistent with the ones
24 that we are proposing today in this legislation.

25 Long story short, our proposed international reforms

1 are not just a Republican wish list or some sort of favor
2 to big companies. They are, in fact, well within the
3 bipartisan mainstream.

4 All told, the business tax proposals in our bill are
5 designed to grow our economy, increase wages, promote the
6 expansion of businesses, and, of course, create jobs.
7 These sections of our bill will modernize our business
8 tax system, finally updating it for the 21st Century.

9 Thus far, I have only gone over some of the
10 highlights of the bill. There is more about the bill to
11 discuss, which we will get to throughout the course of
12 this markup.

13 However, before I conclude, I do want to respond in
14 advance to some of the claims we are certain to hear this
15 week about this legislation. There are a number of myths
16 being spread about this bill and what we intend to
17 accomplish. I want to put some of those to bed right
18 now.

19 For example, I am quite certain we will hear a lot
20 about supposed process styles here today. We will hear
21 that we are rushing it, rushing the bill through the
22 committee, and that we have not had enough hearings.

23 We will also likely hear about bills drafted in
24 secret and Democrats being shut out of the process.

25 Well, let me set the record straight on these

1 points. Under no objective standard is this bill being
2 rushed or forced through this committee or through either
3 congressional chamber.

4 As I noted earlier, this committee's efforts on tax
5 reform go back years. Let me outline some of the work we
6 have done to lay the groundwork just since I became lead
7 Republican on the committee in 2011.

8 In that time span, just short of 7 years, we have
9 held about 70 tax hearings, most of which included in-
10 depth discussions on ways to improve our code. In the
11 first year, I was joined by all the Republicans on the
12 committee in submitting 21 pages of tax reform
13 recommendations to the so-called super committee. This
14 was the start of laying the groundwork.

15 Chairman Baucus and I, as part of our, quote, "blank
16 slate," unquote, approach in 2013, produced 10 separate
17 bipartisan options papers, discussing concrete policy
18 solutions to fixing our tax code.

19 At the end of 2014, I released an extensive report,
20 more than 300 pages long, discussing in some detail ideas
21 and principles to be considered during the tax reform
22 debate.

23 The following year, Senator Wyden and I oversaw the
24 creation of five separate bipartisan working groups, all
25 of whom produced reports which provided the foundation

1 for even more hearings. In other words, we have
2 discussed all of these topics at length.

3 We will also be walking through the bill as part of
4 this markup. There is, quite simply, no reasonable basis
5 to claim that more hearings, more discussion, and more
6 deliberation have to take place before we can move
7 forward.

8 Virtually every proposal contained in this bill has
9 been the subject of public debate for many years.
10 Working with colleagues and Congress and the
11 Administration and after close consultation with
12 committee members, we have put together this Chairman's
13 mark.

14 There is nothing unusual about this process, except
15 that, with other matters, we do not usually spend so many
16 years of study and discussion before putting more
17 concrete proposals together.

18 Furthermore, I have personally invited Democrats to
19 participate in this process on a number of occasions,
20 both publicly and privately. I have sat in our committee
21 in front of cameras and microphones and asked colleagues
22 to come to the table with objective minds and without
23 preconditions.

24 Our friends on the other side decided it was in
25 their best interest to put some fairly strict

1 preconditions on their involvement. Some of those
2 preconditions did shift a bit over time, like the later-
3 retracted, specious demand that President Trump release
4 his tax returns before Democrats would come to the table,
5 an ultimatum made by key members of the Senate Democratic
6 leadership.

7 But one precondition that never went away and was
8 shared by almost every Democrat in the Senate was the
9 demand that Republicans swear off the use of budget
10 reconciliation before any real bipartisan discussions
11 take place.

12 Forty-five Democrats signed a letter in August
13 stating that the public abandonment of budget
14 reconciliation was, in their words, a, quote,
15 "prerequisite to any bipartisan tax reform effort,"
16 unquote.

17 Essentially, our colleagues demanded that we empower
18 them to kill any potential tax reform bill before they
19 would even begin talks.

20 That is not the kind of statement one usually hears
21 from someone who wants to work in good faith toward
22 shared goals.

23 It is also at odds with the history of the Senate.
24 Over the years, the Senate has moved many tax bills
25 through reconciliation and in almost all cases, the bills

1 ended up getting votes from both parties.

2 Reconciliation in no way precludes the possibility
3 of bipartisanship, and Republicans were prepared to
4 follow a similar route with this particular process, as
5 was followed in previous tax bills and budget bills.

6 Just so everyone is clear, it was the Democrats' own
7 preconditions that kept them from engaging on tax reform.
8 There was an open seat at the negotiating table. They
9 collectively chose not to sit in it.

10 Another claim I expect to hear is that our bill is a
11 massive tax cut for the so-called rich. That is always a
12 claim from the Democrats. This claim, of course, is
13 false. Under the bill, the top rate will go down by
14 roughly 1 percentage point, but the bill repeats a number
15 of tax credits and deductions, many of which
16 disproportionately benefit the wealthy, meaning that the
17 slightly lower rates will apply to a larger base of
18 income.

19 The Joint Committee on Taxation produced a
20 distribution table that clarifies a number of key points,
21 including the fact that Americans at all income
22 categories will receive a tax break under our bill, with
23 the middle class getting a larger percentage of the
24 reduction.

25 The Joint Committee on Taxation also found that our

1 bill will not shift the tax burden from the high end onto
2 taxpayers down in lower brackets.

3 In fact, according to JCT, those with incomes of \$1
4 million a year or more will see their share of the
5 overall tax burden go up.

6 So while the bill lowers rates across the board, it
7 actually increases the share of taxes paid by those
8 earning \$1 million or more in annual income.

9 Let me just say that again. Our bill increases the
10 share of the overall tax burden paid by millionaires and
11 billionaires.

12 Let me address another JCT analysis that includes
13 more good news. Some of my colleagues have latched onto
14 a JCT table showing that some percentages of taxpayers in
15 the individual cohorts will see their taxes go up under
16 the bill. I believe the talking point is that 13 million
17 families in the middle class will see their taxes go up
18 next year if the bill becomes law.

19 Now, let us set aside the fact that it is virtually
20 impossible to create a tax plan that will impact every
21 taxpayer the same way. Let us assume, for the sake of
22 argument, that my colleagues' estimates, which include
23 virtually no context, are correct. Even then, the
24 critics of our bill are missing the forest for the trees.

25 They would have the American people believe that the

1 real story is that a relatively small minority of
2 taxpayers could see a slight increase in their taxes,
3 with the biggest proportion of overall increases going to
4 upper middle-class taxpayers. But to do that, they have
5 to obfuscate the fact that under that same JCT analysis,
6 about 90 percent of those same middle-class taxpayers are
7 getting a tax cut. At the very least, they are held
8 harmless under our plan.

9 I know my colleagues prefer to label any Republican
10 tax proposal as a massive tax cut for the rich, but that
11 is not the case here. Our bill is primarily focused on
12 tax relief for middle- and lower-income taxpayers. And
13 the analysis by our nonpartisan congressional scorekeeper
14 has confirmed that the legislation we have crafted
15 accomplishes that goal.

16 I am sure we will also hear more about tax breaks
17 for big corporations under the bill. Yet, I would think
18 that anyone who has previously gone on record in support
19 of lowering the corporate tax rate will refrain from
20 attacking this bill for doing just that. Of course, I
21 will not hold my breath on that.

22 But if that simple baseline of intellectual honesty
23 were to be observed in this markup, most of the Democrats
24 on this committee would be unable to criticize our effort
25 to lower corporate rates, as most of them have endorsed a

1 similar approach in the recent past.

2 Now, I am sure we will also hear about the death tax
3 today, but I hope that with that discussion we will get
4 an explanation from some of our Democrat colleagues,
5 including my friend and Ranking Member, why they are so
6 critical of our efforts to simply mitigate the impact of
7 the death tax, when they voted in the past to repeal the
8 tax entirely.

9 I also hope they will have an explanation for
10 America's farmers and businesses for why their deaths
11 should be considered a taxable event when they choose to
12 pass their life's work, which has already been taxed at
13 least once already, to the next generation.

14 Another matter that we will likely hear about this
15 week is the state and local tax deduction. I am sure a
16 number of our Democratic colleagues will argue that the
17 deduction is an absolute necessity.

18 I plan to ask them why they want to forego middle
19 class tax relief in order to preserve a tax deduction
20 that overwhelmingly benefits the taxpayers at the very
21 high end of the income spectrum, particularly after they
22 have been publicly lamenting the very idea of cutting
23 taxes for the so-called rich.

24 I could go on here, but I think my overall point is
25 pretty clear. So far, we have heard a number of attacks

1 on our tax reform bill that just cannot withstand much
2 objective scrutiny. But once again, objectivity is not
3 really in order these days.

4 At this point, one thing should be clear. Our goal
5 with this effort is to provide tax relief and bigger
6 paychecks to low- and middle-income families and to make
7 America a better place to start and grow a business.

8 There are many in the middle class who have felt
9 left behind in this sluggish economy under the previous
10 Administration, and they feel that they are not being
11 heard. We have an opportunity this week to show that we
12 are listening, that we will act to get the economy moving
13 again to provide better wages, more jobs, and new
14 opportunities for individuals and families in America.

15 We can act by reforming our broken tax code in a
16 manner that will provide a growing economy for the
17 benefit of all Americans and tax relief targeted toward
18 the middle class.

19 I want to once again thank all of my colleagues for
20 their work to get us this far. I will have more to say
21 about their individual efforts in the coming days. But
22 before I conclude, I do want to note something that a few
23 observers have recognized; namely, that the mark, as
24 originally introduced, leaves us with some work to do in
25 order to make the reforms permanent, particularly on the

1 business side, where job creators need to be able to plan
2 many years into the future.

3 We are, of course, aware of this problem and are
4 working to ensure that the reduced rates and additional
5 reforms designed to bring investment back to the United
6 States and create more American jobs remain in place past
7 the 10-year budget window.

8 There is no real cause for concern at this point,
9 but I do want to make clear that we are looking at a
10 number of alternatives that will fill the necessary gaps,
11 and we have every intention of making the business
12 reforms permanent.

13 Now, with that, I will turn to my good friend and
14 colleague, Senator Wyden, the Ranking Member, for his
15 opening remarks.

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1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM
2 OREGON

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4 Senator Wyden. Thank you very much, Mr. Chairman.

5 Mr. Chairman and colleagues, what started out as a
6 promise of a significant middle class tax cut has become
7 a multi-trillion dollar bait-and-switch, a massive
8 handout to multinational corporations and a bonanza for
9 tax cheats and powerful political donors.

10 For millions in the middle class, this will not be a
11 tax cut at all. It will be a tax increase. So while
12 corporations are celebrating being lavished with a
13 holiday gift of trillions of dollars in tax cuts, middle-
14 class families will have to hope they are lucky enough to
15 avoid a tax hike they certainly cannot afford.

16 The fact is there is a massive gap between the
17 Republican rhetoric surrounding this bill and the reality
18 of what is on paper. The rhetoric has made this bill out
19 to be lasting and substantial tax relief for everybody in
20 the middle class. The reality is it is neither lasting
21 nor substantial.

22 So in the last few days, the baseless talking point
23 about an across-the-board guaranteed tax cut has been
24 weighed down with a whole bunch of Washington lingo. The
25 new line is this bill has always been about cutting taxes

1 on average -- on average -- across a variety of income
2 levels.

3 Anybody who has had a bad experience with a used car
4 dealer ought to recognize that that kind of careful
5 hedging is usually covering up one nasty surprise.

6 Now, for the middle class, the bill goes wrong right
7 out of the gate by eliminating the state and local tax
8 deduction. State and local taxes are how communities pay
9 for firefighters, how they pay for police and schools and
10 roads and bridges.

11 Americans get to deduct those taxes because of a
12 longstanding principle that says the government should
13 not reach into their pockets twice to double tax the same
14 earnings.

15 The bill Republicans have on offer throws that
16 principle in the trash can.

17 Now, some Republican lawmakers and supporters of
18 this bill want to say this is just a red-versus-blue
19 issue, as if it is okay to knowingly harm people just
20 because they take a different view of policy. But the
21 red-versus-blue justification simply does not hold up to
22 the facts.

23 It is not just Oregon, California, and the northeast
24 that are going to take a hit if the state and local
25 deduction goes away. It is also going to be millions of

1 people in Wisconsin and Arizona, Georgia, the Carolinas,
2 and a lot of places across the country that pulled the
3 lever for Republicans last November.

4 This proposal specifically targets communities where
5 the American dream has sparked economic growth and
6 created opportunity and helped more and more people
7 become middle class.

8 So eliminating the state and local deduction is not
9 about smart economic policy. In fact, it is sure to
10 leave many communities worse off.

11 Now, Republicans did not have to go down this road.
12 But because they insisted since day one that they ought
13 to use the most partisan process in Washington, known as
14 reconciliation, they have got to squeeze several trillion
15 dollars of tax handouts and corporate goodies into a \$1.5
16 trillion box. That means telling the middle class in
17 America to pay up.

18 At its core, this plan perpetuates what is most
19 rotten and unfair about the American tax system. The
20 reality is there are two tax systems in America. There
21 is one for the cop on the beat and the nurse in the
22 emergency room. For them, the system is strict, it is
23 compulsory, and their taxes come straight out of every
24 single paycheck.

25 Then there is another set of rules for the powerful,

1 the well-connected, and the multinational corporations
2 that have armies of tax lawyers and accountants. Those
3 folks can pretty much pay what they want when they want
4 to.

5 The proposal before the committee does nothing to
6 fix that imbalance. In fact, it worsens the division and
7 enshrines the sources of unfairness that lead so many
8 hardworking Americans to feel they have been kicked in
9 the gut around April 15th.

10 Americans are sick of watching corporations ship
11 jobs overseas, abuse unfair loopholes, and shift their
12 profits to fake headquarters on zero-tax islands. But
13 this bill essentially tells those corporations you have
14 been putting in lots of work chasing a rock-bottom tax
15 rate, so let us go ahead and move the starting line even
16 closer to zero.

17 Even worse, the massive giveaway is just one part of
18 the story when it comes to the multinational corporation
19 side of this bill. Under this Republican plan,
20 multinational corporations will get an even bigger reward
21 for doing business overseas than they will get for
22 creating red-white-and-blue jobs here at home.

23 Imagine, colleagues, how that is going to sound to
24 the residents of forgotten mill towns or cities where the
25 main street is boarded up and the factory lights do not

1 come on anymore. There are too many Americans who have
2 lost jobs that paid middle-class wages and had to scrape
3 together work wherever they could get it just to make
4 ends meet.

5 They are tired of watching the same pattern over and
6 over again. And those who have waited decades for a
7 meaningful raise deserve better than to see Congress
8 reward corporations that flee the United States.

9 It should not come as a big surprise that the ideas
10 I have described are a tough sell. But in another return
11 to the old playbook, the Administration and Republicans
12 have cracked out trickle-down fantasy math to justify
13 these corporate handouts. They are making big promises
14 about record wage increases, the economy kicking into
15 high gear, the tax cuts paying for themselves. But there
16 is no trustworthy independent analysis or historical
17 record to back up those claims.

18 Treasury Secretary Mnuchin even claimed that the tax
19 handouts would not just pay for themselves, but they
20 would raise an additional \$1 trillion on top of their
21 cost. How he came to that conclusion remains a mystery.
22 I will tell you, it sure sounds like a lot of hocus-pocus
23 arithmetic.

24 The Treasury Secretary also scrubbed from his
25 department's website a recent analysis that said

1 corporate shareholders, not workers, are the overwhelming
2 beneficiaries of tax cuts. And if you are tired of the
3 political back-and-forth on this one, you do not need to
4 listen to lawmakers. Listen to the corporate heads
5 themselves, who are talking about the investor calls they
6 are making.

7 They are already previewing plans to turn their tax
8 handouts into stock buybacks and other shareholder
9 goodies, not the new jobs, not the big wage increases
10 Republicans have been promising.

11 You do not have to take my word for it. Look at
12 what the corporations are saying on those investor calls.

13 So the millions of Americans who face a tax hike
14 directly caused by this bill will only be its first
15 victims. The hardworking people whose jobs are sent
16 abroad because of this bill are going to become victims
17 later on, as well.

18 Now, I am going to turn to the threat of exploding
19 deficits. I would wager that the Republican deficit
20 hawks who seem to fly away when this \$1.5 trillion bill
21 was proposed are going to come flying back once it is
22 enacted and the deficits pile up.

23 Members of the Administration and top Republicans in
24 Congress have already said that, quote, "entitlement
25 reform is going to be up after taxes."

1 Folks, let us be clear. That is Washington-speak
2 for going after Medicare and Medicaid and Social
3 Security. And it is an old game plan, run up a big
4 federal deficit and then insist that there is no choice
5 but to force draconian cuts to the social safety net.

6 As Americans, we have seen this movie before. The
7 first big legislative push after the Bush tax cuts was an
8 attack on Social Security. Fortunately, it was stopped.
9 It might be a lot harder this time.

10 If those cuts to our safety net programs happen, you
11 can add seniors and many of America's most vulnerable to
12 the list of victims of the bill.

13 I want to close with a comment on the process, which
14 I consider to be a farce. And I was struck by the
15 Chairman saying that Democrats could have been at the
16 Finance tax table.

17 Colleagues, let us be clear. Nobody on this side
18 even knew where the Finance tax table was. We were not
19 invited. We never knew where it was.

20 Now, I see some in the Majority now saying that they
21 are faced with a choice between this unpopular tax bill
22 and looking like they will not be able to govern.

23 I want to be clear. I do not think those are the
24 only options on the table. They sure were not the only
25 options when Ronald Reagan and a big group of Democrats

1 came together to pass tax reform.

2 Talk to Bill Bradley about it, one of our former
3 colleagues. Best jump shot in the history of the Senate
4 Finance Committee. And I will tell you, they were not
5 the only options -- looking at an unpopular tax bill or
6 saying you cannot govern -- when I got together with two
7 respected senior Republican Senators, Judd Gregg and Dan
8 Coats, now a member of the President's cabinet.

9 So there is still an opportunity to work on a
10 bipartisan basis, just the way Ronald Reagan did. It
11 means sitting down and spending the necessary time to
12 make sure, by getting ideas from both sides, that you
13 have not hurt the middle class. It means Democrats and
14 Republicans talking together instead of relying on
15 partisan trickery to speed a secretive bill to completion
16 before anybody really catches on.

17 Nobody has got to wave the white flag of surrender
18 and just pass a partisan process and a partisan bill in
19 order to avoid an unpopular bill.

20 Now, twice I have had a chance to talk with
21 Democratic Senators and Administration officials. Both
22 times, my Democratic colleagues and I made clear that we
23 agree with Republicans that the tax code is a rotten,
24 broken mess. We expressed our desire for bipartisan
25 reform and we made it clear, as we have now for months,

1 that we want to work with Republicans to do tax reform
2 done right.

3 The message we delivered was that real bipartisan,
4 Reagan-style tax reform could pass with 70 or 80 votes,
5 maybe even more. It could make the tax code a whole lot
6 more fair, put money back in the pockets of middle-class
7 families, and bring on a wave of new red-white-and-blue
8 jobs.

9 Even before those meetings, Democrats shared with
10 Republicans our principles for reform. They focus on the
11 middle class, a focus on fiscal responsibility, and a
12 focus on protecting Medicare, Medicaid and Social
13 Security.

14 Twice, colleagues, in recent weeks, the President
15 has said he is for those principles. But the fact is
16 those principles have not been written down by the
17 Congress on paper.

18 What is on offer is a rejection of the bipartisan
19 approach. The bill before the committee has been in the
20 public view less than 4 days. It came out, in fact, just
21 as Veterans Day celebrations were kicking off. This
22 weekend, while I was marching in a parade in Albany,
23 Oregon, I looked for places to make a few quiet calls to
24 Washington to get the latest details, and I am sure my
25 colleagues were in the same boat.

1 There has not been nor will there be, based on the
2 process at this point, a single hearing on the details of
3 this proposal.

4 I am sure somebody is going to say the committee can
5 have a full debate right now, that this is our
6 opportunity to hash out our differences and work on tax
7 reform. But let us be clear, that is not the way Ronald
8 Reagan did it. That is not what they did when they spent
9 months with top Reagan officials going back-and-forth
10 with Democrats like Bill Bradley to talk about specifics,
11 talk about detailed provisions to make sure particularly
12 the middle class and small businesses would not get hurt
13 and that they would pass a bipartisan bill that would
14 give everybody a chance to get ahead.

15 What is going on now in the Senate Finance Committee
16 is an abandonment of the Reagan-style tax reform process.

17 The first votes are just around the corner and this
18 bill is going to go through a lot of contortions in the
19 days ahead. But I think we ought to be clear that as of
20 now, the contortions are going to be about the same
21 bottom line -- getting the biggest possible corporate
22 handout on a strictly partisan basis through the Senate.

23 The bill has the power to reshape the American
24 economy in ways that will leave a lot Americans worse
25 off. It is going to raise taxes on millions in the

1 middle class. It will give American multinational
2 corporations more relief for doing business overseas than
3 they get for doing business in our country.

4 I do not believe it is a radical idea to say the
5 committee ought to take the time to consider these
6 consequences before we start voting. There is bipartisan
7 agreement that the tax code is a broken mess. So instead
8 of the partisan process that will force middle-class
9 families to pay up, to finance a handout for the
10 multinationals, it is not too late to do this right.

11 Thank you, Mr. Chairman.

12 The Chairman. Thank you, Senator.

13 We will now proceed to member opening statements.
14 Because we are frequently strained for time during our
15 executive sessions, I tend to urge colleagues against
16 making opening statements.

17 However, I think we can all agree that this
18 proceeding is a big different. As such, I am quite
19 certain that most members have thoughts they would like
20 to share before we begin consideration of the mark. So I
21 am going to recognize members for that purpose, and in
22 the appropriate order.

23 Under the committee rules, I want to be flexible,
24 but I ask that individual members limit their remarks to
25 not more than 4 minutes.

1 So we will begin the remarks of the members of the
2 committee.

3 Senator Grassley?
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1 OPENING STATEMENT OF HON. CHUCK GRASSLEY, A U.S. SENATOR
2 FROM IOWA

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4 Senator Grassley. I want to thank Chairman Hatch
5 and his staff for their tireless work in putting together
6 the Chairman's mark. When I do that, I think I speak
7 with some authority on the point that it takes a lot of
8 work to put it together, because I chaired this committee
9 at one time, when Chairman Baucus was the Ranking Member,
10 and we operated under the same reconciliation process
11 that is being discouraged at this particular time.

12 We put together a mark to cut taxes in 2001 and did,
13 and we were able to, through the hard work of my staff
14 and the hard work of Senator Baucus' staff, put together
15 something that got 25 percent of the Democratic Caucus to
16 vote for.

17 So bipartisanship is very much an opportunity under
18 reconciliation.

19 We now have a once-in-a-generation opportunity to
20 modernize our tax code in a way that will provide
21 significant middle-income tax cuts, while making the tax
22 code simpler, fairer, and more pro-growth.

23 At the heart of this legislation is making good on a
24 commitment to enact significant tax cuts for middle-
25 income taxpayers. On average, middle-class families will

1 see their tax bill shrink by nearly \$1,500. Their child
2 tax credit will increase from \$1,000 to \$1,650, which
3 will help ease the financial strain for working families.

4 By nearly doubling the standard deduction, many
5 lower-income taxpayers will be removed from the tax rolls
6 entirely. Moreover, the tax filing season will become
7 much more simplified for millions of Americans.

8 Small businesses will also see significant tax cuts
9 from the rate reductions on the individual side, but also
10 from an innovative pass-through business income
11 deduction.

12 This tax relief will incentivize investment back
13 into the business, creating jobs and spurring economic
14 growth. With small businesses responsible for a majority
15 of new jobs, this is a crucial component of the pro-job,
16 pro-growth tax framework.

17 The Chairman's mark will also bring our corporate
18 tax structure into the 21st Century. Our high corporate
19 tax rate and outdated worldwide tax system has put
20 American companies at a real competitive disadvantage
21 globally, costing American jobs.

22 Our corporate tax system has been strained to its
23 breaking point as we have battled corporate inversions
24 and foreign takeovers. Without action, we can expect
25 this trend not to only persist, but to grow in the coming

1 years.

2 I know my Democratic colleagues have expressed
3 concern that we are moving too fast, but we have been
4 discussing tax reform for years and the time for action
5 is right now.

6 The good work on the part of both Republican and
7 Democratic chairmen of this committee in the past has
8 helped lay the groundwork to get us where we are today.

9 I also understand that our Democratic colleagues
10 have vehemently objected to the use of reconciliation.
11 But past practices of this committee prove reconciliation
12 does not have to be synonymous with partisanship.

13 I know this from experience and I have already
14 referred to my work with Chairman Baucus and also Ranking
15 Member Baucus. As a result of that, we passed
16 reconciliation legislation out of this committee with
17 strong bipartisan support, by a vote of 13-to-5.

18 So there is no reason for this to have to be a
19 partisan process today.

20 I yield.

21 The Chairman. Senator Cantwell?

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1 OPENING STATEMENT OF HON. MARIA CANTWELL, A U.S. SENATOR
2 FROM WASHINGTON

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4 Senator Cantwell. Mr. Chairman, I will try to do
5 my best, but this is pretty important legislation.

6 First, I want to say I do not agree with many of the
7 President's economic strategies. I do not believe in his
8 notion of fear and isolationism. I do not believe in his
9 notion of discussing things that are going to start trade
10 wars.

11 I do not believe in his lack of support for a
12 functioning Export/Import Bank that will help U.S.
13 manufacturers build products and seek homes and find
14 their acceptance in international markets.

15 I do not support his notion that the FERC ought to
16 mandate that consumers in Ohio or Pennsylvania or
17 Kentucky pay higher electricity rates by forcing them to
18 adhere to purchasing coal, because he wants to bring coal
19 back. And I do not support his notion of cutting
20 innovation and R&D in various sectors of our economy.

21 I sure do not think you have to apply the same kind
22 of FERC logic on coal to oil and say that the only way
23 that Amazon or Microsoft can get a tax break is if we
24 destroy the great wilderness of the Arctic Wildlife
25 Refuge.

1 So, no. I, too, had high hopes for what would be a
2 discussion about our corporate tax rate, having many
3 companies in my state that have to compete on an
4 international basis.

5 I hoped that we were going to have that discussion
6 and when my colleagues on the other side of the aisle
7 said it needed to be deficit-neutral, I listened. I
8 thought, okay, this is interesting.

9 When they said we are going to close corporate
10 loopholes to pay for a corporate rate reduction, I
11 listened and I thought, well, maybe this is where we are
12 going to go; we are going to sit down in a collaborative
13 fashion and work together.

14 Mr. Chairman, you and I do have a good working
15 relationship, but the notion that the President had a
16 meeting of the Finance members to come down to the White
17 House and I was not invited because I happen to represent
18 a state that he did not win is a ridiculous idea.

19 So the notion that where we are today and my main
20 objection is that instead of doing those things that we
21 talked about on the corporate tax rate, looking at some
22 of these things, like carried interest or like in-kind
23 exchanges or the fact that golf courses get tax breaks,
24 instead a big chunk of this bill is being paid for on the
25 backs of middle-class families by taking away their

1 deductions, their local sales tax deduction from a state
2 like mine that does not have an income tax, from their
3 property taxes not being able to be deducted or the
4 mortgage deduction.

5 I know there are differences between the House and
6 the Senate bill. But this is not simplification of our
7 tax code. It is simply raising taxes on middle-class
8 families in my state and it is raising taxes on millions
9 of Americans across the United States to give a break to
10 the corporations.

11 So it is a very different structure than we talked
12 about. Now, most objecting -- because, Mr. Chairman, you
13 and I have worked very hard on trying to make more
14 affordable housing. But by getting rid of these
15 deductions on property taxes, on home mortgage, the
16 notion that you are getting rid of private activity bonds
17 in the House legislation, and that you are making changes
18 to the low income tax credit in this Senate bill is just
19 making housing more expensive, at a time when we have a
20 record number of Americans who are in unaffordable
21 housing situations.

22 So I look at our challenges -- and I know that you
23 or some of our colleagues talked about the small business
24 corporate, small businesses getting -- it is so complex.
25 It is so challenging. I do not know what small

1 businesses are going to benefit from this.

2 Mr. Chairman, I hope that we can slow down. The
3 reason I mention the housing -- and I will wrap up -- is
4 that housing used to be 15 percent of GDP. In the few
5 hearings that we did have on this, now it is only 12
6 percent of GDP.

7 This bill -- I know you think this notion of
8 returning investment from overseas -- not a bad idea,
9 something we could talk about. But we are just returning
10 it and it is going to go into the dividend pool. There
11 is nothing in there that says it should go to
12 infrastructure investment. There is nothing in there
13 that says it should go for roads or housing or even job
14 training.

15 I can guarantee you it is not worth giving a tax
16 break to corporations if you cannot find a qualified
17 workforce or they have to live an hour-and-a-half away
18 because housing is so expensive.

19 Mr. Chairman, thank you for the additional minute.
20 I think 5 is a very good target. And I appreciate it. I
21 hope we will slow down. I hope we will have the courage
22 to work together in a regular order process.

23 The Chairman. Thank you, Senator.

24 Senator Crapo?

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1 OPENING STATEMENT OF HON. MIKE CRAPO, A U.S. SENATOR FROM
2 IDAHO

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4 Senator Crapo. Thank you, Mr. Chairman.

5 Everyone here has heard me say many times that if we
6 had tried to, we probably could not have created a tax
7 code that is more unfair, more complex, more expensive to
8 comply with, or more anticompetitive to our own American
9 business interests than the code we are working on.

10 And finally we have an opportunity to move forward
11 with meaningful reform. And once again, the attack is
12 made that it is just an effort to try to raise taxes on
13 the poor or the middle class and cut taxes for the
14 wealthy.

15 Rhetoric is flying all over the place. But let us
16 just look at some of the facts. We all have in front of
17 us -- or should -- the distributional charts that have
18 been put out by our own tax writers and assistants.

19 The Joint Tax Committee's distributional reports
20 show that taxes will go down -- the amount of taxes in
21 dollars will go down for every single income category in
22 America. And if you look at these distributional charts,
23 you will see that the largest percentages of reduction
24 are in the lower- and middle-class income categories.

25 The same charts also show that the average tax rate

1 will go down for every single income category in America,
2 and, once again, a greater percentage of reduction for
3 those in the lower to middle income categories.

4 Yet, we will continue to face the attacks that what
5 we are doing is trying to raise taxes for those in the
6 middle and lower income categories so that we can feather
7 the nest of the wealthy.

8 The opposite is the case. If our tax reform can
9 save millions of additional lower- and middle-income
10 families from having to save their receipts and dig them
11 up again each year at tax time, do not tell them that is
12 not a meaningful benefit. If the simplification of our
13 tax code can further save those lower- and middle-income
14 families from the need to pay potentially hundreds of
15 dollars a year for someone else to prepare their tax
16 returns because the code is so complex, do not tell them
17 that is not a benefit.

18 If every single member of every single bracket of
19 income earners in America gets a tax reduction and the
20 biggest percentage of tax reduction goes to those in the
21 middle and lower income categories, do not tell them that
22 we are raising their taxes.

23 If pro-growth effects of making American business
24 more competitive around the world can result in higher
25 wages and more job opportunities for lower- and middle-

1 income families, do not tell them that we are feathering
2 the nest of the wealthy.

3 The reality is we are going to address the true
4 problems with our tax code and it is going to help all
5 Americans have a stronger, healthy America, a stronger
6 family, stronger wages, better growth, and an ability to
7 start building ourselves out of our fiscal crisis.

8 There is another very important effect of
9 comprehensive reform that we have got to fully explore.
10 Some have suggested that our current fiscal situation
11 means it would be irresponsible to do any kind of tax
12 reform that increases the deficit on a static or current
13 law basis.

14 Actually, the opposite is the case. This is
15 precisely the time we need to focus on the dynamic
16 opportunities for growth in our economy. On our current
17 path, and our own CBO analysts have told us, if we do not
18 change our course, we will see our rate of growth in this
19 economy stay at its stagnant level of below 2 percent.
20 And other analysts have said that if we will take a
21 dynamic approach to fixing this broken tax code and
22 making ourselves more competitive, we will see rates of
23 growth that could significantly increase; again, helping
24 not just individuals and families, but helping this
25 Nation become much more competitive economically.

1 I see that my time is running out. I had some
2 charts and some analysis here to go through. I guess I
3 will do it at another time when we have an opportunity to
4 discuss it.

5 But, Mr. President (sic), it is time to fix our
6 code. We no longer need America to have the most
7 complex, the most expensive, and the most anticompetitive
8 code in the world and one that pushes down our own
9 citizens' ability to grow and achieve their American
10 dream.

11 The Chairman. Thank you, Senator.

12 Senator Bennet?

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1 OPENING STATEMENT OF HON. MICHAEL F. BENNET, A U.S.
2 SENATOR FROM COLORADO

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4 Senator Bennet. Thank you, Mr. Chairman. Thank
5 you for the opportunity to make an opening statement.

6 When I left Washington last Thursday, hardly anyone
7 had seen the Republican tax plan. And one holiday
8 weekend later, we are now here marking up the most
9 consequential tax policy in 31 years, with no hearings,
10 not a single hearing on the legislation.

11 Mr. Chairman, America needs tax reform. I joined
12 the Finance Committee because I believe that. We have
13 not reformed our tax code since I was in college with a
14 Smith-Corona typewriter.

15 Our economy has transformed since then, but our tax
16 code remains frozen in the past. We should clean up
17 special interest loopholes. We should help our
18 businesses compete in a global economy. We need
19 comprehensive and bipartisan reform.

20 But in a break with the tradition, the committee has
21 made no serious attempts to bring both sides together.
22 Instead, the Majority wrote a deeply flawed proposal that
23 adds \$1.5 trillion to our debt.

24 In 2014, a Republican member of this committee
25 wrote, quote, "It does not take a mathematician to see we

1 are sitting on a ticking time bomb of debt." Another
2 said, "Our Nation's growing debt is costing us jobs and
3 economic growth today, and it is an unfair burden to pass
4 on to our children and grandchildren."

5 I agree. I think it is important, in this context,
6 to review how we arrived at this point. In 2000,
7 President Clinton left a \$5.6 trillion projected surplus
8 to his successor. At that time, Congress held hearings
9 about how to invest in our future and pay down our debt.
10 Some members of the Senate were here for that.

11 Then President Bush, on the same arguments that we
12 are hearing today, signed two major tax cuts, one of
13 which was after we invaded Iraq and prosecuted two wars
14 without paying for them. Then he signed Medicare Part D
15 without paying for that.

16 A number of people voted with President Bush on all
17 of those steps, but we are still here today. When
18 President Obama came to office in 2009, he inherited a
19 collapsing economy and a \$1.2 trillion annual deficit.
20 Then amidst the worst economic crisis since the Great
21 Depression, a lot of Republican leaders all of a sudden
22 remembered their fiscal conservatism, citing the debt.

23 Nearly all of them opposed the economic recovery
24 package to stabilize our economy and save millions from
25 unemployment.

1 Over the next 8 years, despite bipartisan efforts to
2 rein in the debt, leadership consistently rejected a
3 balanced approach. And as a result, rather than confront
4 our fiscal challenges, Washington has taken the easy path
5 by cutting investments in our future in education,
6 research, innovation, and infrastructure, while, at the
7 same time, burdening our future with trillions more in
8 debt.

9 This should seem deeply unfair to Americans in their
10 20s and younger to know that we are investing less in
11 them than our parents and grandparents invested in us.
12 And then we have the nerve to say you need to pay back
13 the debt that we accrued investing in ourselves.

14 For years, Republican members of this committee have
15 raised alarms about our debt. I believe they are
16 sincere. But I struggle to comprehend how they can
17 square that view and support this plan.

18 As our debt grows, we will spend billions more not
19 on schools, roads or innovation, but on interest costs.
20 And we are about to blow another hole in the debt without
21 helping the middle class, which is what makes it even
22 worse.

23 By 2019, the Senate plan would actually raise taxes
24 on 19.4 million households earning under \$200,000, while
25 providing no benefit to nearly 54 million households.

1 On top of that, we know that when deficits swell, as
2 they surely will, cuts to Medicaid and Medicare are sure
3 to follow, further burdening working families struggling
4 to make ends meet.

5 That is not what the American people want. We need
6 to stop this and write a bill that is worthy of this
7 committee.

8 Mr. Chairman, thank you for allowing me to take a
9 few additional seconds.

10 The Chairman. Thank you, Senator Bennet.

11 Senator Roberts?

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1 OPENING STATEMENT OF HON. PAT ROBERTS, A U.S. SENATOR
2 FROM KANSAS

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4 Senator Roberts. I want to thank you, Mr.
5 Chairman, for your leadership and your perseverance and
6 your patience in laying down this mark, and for the
7 staff, as well.

8 It is abundantly clear that the complexity and the
9 antiquated corporate tax systems act as a break on our
10 economy. This directly affects the jobs and wellbeing of
11 all Americans.

12 We now have before us a comprehensive plan to
13 address these issues, cleaning up and modernizing the tax
14 code to help generate more growth.

15 The bill before us does exactly that, providing
16 meaningful tax relief for families and small businesses.
17 I am especially pleased with the rates the legislation
18 would put into place on the individual side. We have
19 done a good job pushing these rate reductions down to
20 lower- and middle-income families.

21 This would provide a net tax cut for families in
22 Kansas of about \$2,500.

23 We accomplish this by reducing individual tax rates,
24 raising the standard deduction, and increasing the child
25 credits in the tax code.

1 I want to turn to agriculture. I am pleased that
2 the Chairman's mark reflects the importance of production
3 agriculture to our economy. The agriculture industry has
4 a number of provisions in the tax code that recognize the
5 uncertain and volatile nature of the income and expense
6 associated with farming operations.

7 Farmers and ranchers have no control over the
8 weather and face highly unpredictable markets. That is
9 certainly true today. This is the third year of
10 depressed prices and tighter credit.

11 They also face another critical and linked issue --
12 uncertainty in trade policy, a policy that is still very
13 much a work in progress within the Administration.

14 I am happy to say that this Chairman's mark keeps
15 the ag tax provisions, but will also help our farmers by
16 creating a much more pro-growth tax system, lowering the
17 tax burden, and simplifying the tax provisions relating
18 to our ag sector.

19 For the average farmer in Kansas, the rate
20 reductions, more robust depreciation rules, and the new
21 structure for pass-through entities will enable that
22 farmer to put significantly more dollars into his or her
23 bank account, money which can be used to build their
24 businesses, enabling them to meet the challenges of not
25 only feeding America, but a troubled and hungry world.

1 This legislation also transitions our current
2 international tax system to a territorial system. This
3 is a particularly important step because it will address
4 concerns I have long had with the international
5 competitiveness of our corporate tax reform.

6 I have real concerns that the current archaic
7 international system has made our homegrown companies
8 targets for takeovers by foreign competitors, leading to
9 job loss, not to mention the drain on our federal
10 treasury.

11 Now, is this a perfect bill? By no means. But it
12 is a very good bill that I firmly believe will lead to
13 more economic growth.

14 Mr. Chairman, through the process you have laid out,
15 we can improve this good bill to make it the very best
16 bill under very difficult and partisan circumstances.

17 Thank you.

18 The Chairman. Thank you, Senator.

19 Senator Cornyn?

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1 OPENING STATEMENT OF HON. JOHN CORNYN, A U.S. SENATOR
2 FROM TEXAS

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4 Senator Cornyn. Mr. Chairman, thank you for the
5 excellent job you have done spearheading this effort. It
6 is the culmination of years, as you point out, years of
7 work by the committee, including 70 hearings on how the
8 tax code can be improved and streamlined to work better
9 for taxpayers.

10 We can also recall the 10 option papers that were
11 issued as part of the blank slate approach launched in
12 2013 to scrub the tax code and produce policy solutions
13 to modernize it.

14 Many of us expressed, including here today, outrage
15 at the use of reconciliation to provide tax relief to
16 millions of Americans. But this process argument should
17 not be a reason why bipartisan support should not be
18 reached or cannot be reached.

19 In fact, the last 15 reconciliation bills that were
20 signed into law, of those 15, 12 of them had bipartisan
21 support in the Senate for final passage of the conference
22 report.

23 When I hear our Democratic colleagues say that they
24 were not included in the process, that was their choice.
25 They simply walked off the field. They are really just

1 complaining about the fact that they cannot take their
2 ball with them.

3 In many ways, though, the Tax Cuts and Jobs Act is
4 already a bipartisan bill, at least in some of its most
5 significant aspects.

6 Democrats say they want tax relief, too. Former
7 President Barack Obama, the Minority Leader, and a number
8 of members of this committee have all repeatedly called
9 for lowering the corporate tax rate in order to make our
10 goods and businesses more competitive in a global
11 economy.

12 Now, the Ranking Member, in effect, calls it a
13 handout. This bill does lower the corporate rate, as
14 Barack Obama and Chuck Schumer and others had called for
15 in the past. And the Ranking Member has, on a number of
16 occasions, highlighted his bipartisan reform plan, which
17 proposes to increase the standard deduction for millions
18 of taxpayers.

19 Well, this bill does that. And there is also room
20 for further agreement. If our friends across the aisle
21 want to quit complaining and would like to join us in
22 helping middle-class Americans, middle-income Americans,
23 pay their bills and save for retirement, we would invite
24 them to do so.

25 This is that opportunity. They should join our tax

1 reform efforts and help Americans keep more of the money
2 they earn in their pockets so they can spend it the way
3 they see fit.

4 Finally, this legislation includes a number of
5 commonsense proposals that will simplify the tax code,
6 reduce complexity, and make the system fairer.

7 We like these ideas because as our colleagues have
8 suggested, these provisions will enable us to lower tax
9 burdens on small businesses and working families who
10 deserve a fair shake in the tax system.

11 Thank you, Mr. Chairman.

12 The Chairman. Thank you.

13 Senator Portman?

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1 OPENING STATEMENT OF HON. ROB PORTMAN, A U.S. SENATOR
2 FROM OHIO

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4 Senator Portman. Thank you, Mr. Chairman.

5 Look, this is an exciting opportunity, because our
6 tax code is so broken. And I have heard from my
7 colleagues on this side of the aisle, and they all seem
8 to say the same thing, which is this is a mess.

9 This tax code, which has not been reformed in any
10 substantial way in 31 years, is desperately in need of an
11 overhaul. And they also support middle class tax cuts,
12 which is exactly what is going on here. So we should try
13 to work together.

14 Look, I remember the working group that I co-
15 chaired. I remember sitting in on a lot of those 70
16 hearings we talked about. We had five working groups, by
17 the way, and they were all bipartisan.

18 The working group that I co-chaired was on
19 international, and we basically said two things; one, we
20 have got to lower the business rate so that it is not the
21 highest rate in the world, because until we do that, you
22 are going to continue to see jobs and investment go
23 overseas.

24 We said we have got to switch to an international
25 system that keeps us up with the rest of the world so

1 that we can be competitive, and that means that our
2 workers are not competing with one hand tied behind their
3 back.

4 That is what this does. Now, there might be some
5 specifics where we have some disagreements, but I have
6 got to tell you, this has never been partisan before. It
7 was part of the Simpson-Bowles Commission. It
8 recommended the same thing.

9 So my hope is that on these proposals, we can
10 achieve a level of bipartisanship and we can actually get
11 this done, because it is so needed, so critical.

12 By the way, back in 1986, the last time we reformed
13 this tax code, Pete Rose was still playing for the
14 Cincinnati Reds. That is how long ago it was.

15 When we did the international side, it was back in
16 the 1960s. So that the international code could qualify
17 for AARP benefits, it is that old.

18 So we need this desperately. I heard a lot of talk
19 today about middle class tax cuts not being in the
20 proposal. I have got to tell you, they are here and that
21 is what all the analysis says.

22 In Ohio, we are going to see a cut for middle-class
23 families. They are going to see tax relief that is
24 significant. We are told that the median income family
25 in Ohio is going to see a tax cut of about \$2,400 a year.

1 I was asked in the hall by some reporters, "Well,
2 why is that meaningful?" It is meaningful because a lot
3 of people I represent are living paycheck-to-paycheck.
4 This will help with that car payment. This will help
5 maybe save a little for vacation, maybe save a little for
6 retirement.

7 So it is really important. And my Democratic
8 colleagues have claimed that somehow that is not real tax
9 relief. Let me say that nationally, the number is about
10 \$1,500. That is a 40 percent cut in people's taxes. For
11 a single parent, income of about \$41,000, median income,
12 it is about a 55 percent reduction in their income tax,
13 their federal income tax. That is significant.

14 So it is in here. But do not believe me. I know
15 everybody believes the media, so let us see what Politico
16 has to say. "Middle class biggest winners in Senate tax
17 plan, study says."

18 Guess what that study is? The study is from the
19 nonpartisan Joint Committee on Taxation. They are here
20 today. They are the one who do this analysis for us. We
21 do not always agree with them, but, boy, they are not
22 partisan, I can tell you that.

23 Here are their distribution tables. We have all got
24 it. They are public now. You can go on Jct.gov. Here
25 is one right here. What this shows is that the middle

1 class tax cuts are real.

2 People were talking earlier about the firefighter
3 making \$50,000 to \$75,000 a year, \$18 billion tax cut in
4 this package for people between \$50,000 and \$75,000 a
5 year. The tax rate goes down. Under this proposal, it
6 goes from about 14.8 percent in tax to average about 13.7
7 percent in tax.

8 Again, these are the real numbers. Take a look at
9 them. Go online yourself and take a look at them and you
10 will see that every single income group in the middle
11 class gets a tax cut, and, again, it is meaningful and it
12 is substantial.

13 But let me finally say that I think what is going to
14 be just as meaningful and maybe more meaningful for most
15 of the families I represent is the fact they will be able
16 to have a better job. And that is why we have to reform
17 and revamp this international system.

18 It is outrageous that we currently have jobs and
19 investment going overseas because of our tax code.
20 Forty-seven hundred companies, according to a recent
21 study by Ernst & Young, would be American companies today
22 if we had this kind of a code in place over the last 13
23 years.

24 Instead, what are they? They are foreign companies.
25 Three times as many U.S. companies are being bought by

1 foreign companies as U.S. companies buying them. Why?
2 Because of our tax code. We should be outraged by that.

3 It is our responsibility to fix it. No one else
4 can. And by the way, who gets hurt? American workers.

5 The Congressional Budget Office, another nonpartisan
6 group here, has said that the workers in America have
7 lower wages and lower benefits because of this broken tax
8 code that we have got to fix.

9 That is what this proposal does. And, again, it is
10 consistent with efforts that have been, in the past,
11 bipartisan.

12 So my hope is we can get this done for the people we
13 represent. We can do it in a bipartisan way. I know we
14 will have a spirited debate here and on the floor. That
15 is fine. But at the end of the day, let us come together
16 and do something good that actually helps to fix a tax
17 code that everyone acknowledges is broken.

18 The Chairman. Thank you, Senator.

19 Senator Toomey?

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1 OPENING STATEMENT OF HON. PATRICK J. TOOMEY, A U.S.
2 SENATOR FROM PENNSYLVANIA

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4 Senator Toomey. Thank you, Mr. Chairman.

5 Let me just echo Senator Portman's -- one of his
6 points. It is simply an objective matter of fact that
7 this tax reform will result in substantial middle class
8 tax relief.

9 You do not have to take any of our word for it. It
10 has been documented. Joint Tax has determined it. It is
11 part of what we solved for. That is just a fact. We are
12 going to lower the burden of taxes on the vast majority
13 of Americans and the overwhelming majority of working-
14 class and middle-income folks.

15 But that is not all we are doing here. We are also
16 going to make our business tax code, finally,
17 competitive. And I believe we are fixing exactly what
18 needs to be fixed at this time, Mr. Chairman.

19 Let us remember the 8 years of the Obama
20 Administration coincided with the worst economic recovery
21 in American history. President Obama got the policies he
22 wanted, massive spending bills they called a stimulus,
23 repeated tax hikes, government virtual takeover of
24 healthcare, a huge unprecedented wave of new regulations.

25 They got what they wanted and it resulted in

1 extremely feeble growth; in fact, something on the order
2 of 2 percent. And we were told just get used to it, this
3 is the new normal, nothing we can do about it, this is
4 what the American economy does these days.

5 That could not be more untrue. Mr. Chairman, there
6 is nothing inevitable about a weak American economy.
7 There is nothing inevitable about a lack of strong
8 growth.

9 We need to fix what is broken and we can restore the
10 kind of growth and prosperity that we have been waiting
11 for.

12 Well, what was broken in this period, one of the
13 things that was broken -- and this is well documented.
14 This is not speculative. This is a matter of objective
15 fact.

16 There was a collapse in the growth of productivity.
17 That was almost certainly caused by a collapse in the
18 growth of the capital stock.

19 Those combined caused a lack of wage gains, and we
20 saw all of this. We are fixing these problems. We are
21 fixing these problems, Mr. Chairman, to a very large
22 degree. On the business side, we are going to lower tax
23 rates and we are going to allow for immediate full
24 deduction of new capital when it gets put to work. When
25 new plants and equipment are bought, people are going to

1 be able to expense that immediately.

2 What is that going to do? For one, it is going to
3 allow American workers and business to be competitive --
4 to be competitive and to win in a competitive global
5 economy. And when we encourage and incentivize business
6 to purchase more of the plants and equipment that allows
7 them to grow, we are going to encourage enhancement of
8 productivity.

9 That is how productivity grows. It is when capital
10 gets put to work. And when productivity gains are
11 restored, that is where wage growth comes from. That is
12 what this bill is going to do, Mr. Chairman.

13 Let me say a word about the deficits, because some
14 of my colleagues suggested a great concern about a
15 deficit, which I do not recall at the time when they were
16 passing a big stimulus spending bill.

17 But here is a fact. This bill is going to reduce
18 the size of our deficit. If this is enacted into law, we
19 are going to have a smaller deficit, and here is why. The
20 tax reform bill contemplates \$1 trillion in foregone
21 revenue relative to the current policy that the Federal
22 Government is pursuing.

23 So how much extra growth will it take to generate
24 the tax revenue to fill in that hole? And keep in mind
25 what a profound restructuring of the tax code this is.

1 Well, the answer is, according to Joint Tax, less
2 than four-tenths of 1 percent of economic growth. Now,
3 if you are in the camp that believes it is not possible
4 for America to have strong growth anymore, if that is
5 your camp, then you should be very skeptical about that.

6 I am not in the camp that believes American economic
7 growth is a thing of the past. I think it is entirely
8 possible for us to have economic growth that will exceed
9 by far the four-tenths of 1 percent that it will take to
10 completely fill in this hole.

11 So, Mr. Chairman, I want to commend you for your
12 work. I am looking forward to getting this product
13 finished. We are going to lower taxes for middle-income
14 taxpayers. We are going to enact the most pro-growth
15 business reforms in over 30 years and, in the process, we
16 are going to have smaller deficits. And that is going to
17 result in a higher standard of living for the people that
18 we represent.

19 Thank you, Mr. Chairman.

20 The Chairman. Thank you, Senator Toomey.

21 We will now turn to Senator Brown.

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1 OPENING STATEMENT OF HON. SHERROD BROWN, A U.S. SENATOR
2 FROM OHIO

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4 Senator Brown. Thank you, Mr. Chairman.

5 Tax reform should be about one thing -- putting
6 money in the pockets of working people in Ohio and across
7 the country. That is what the President says he wants.
8 That is what I want. That is what most of us in this
9 room want.

10 Unfortunately, that is not what this bill does.
11 Instead, as the Ranking Member said, this bill hands \$1
12 trillion to wealthy, multinational corporations, some of
13 the same corporations that have sent American jobs
14 overseas. It asks working people to trust that somehow
15 that money will end up increasing their wages.

16 The only problem is it will not work and it never
17 has. Over the last 40 years, corporate profits have gone
18 up, executive salaries have gone up, GDP has gone up,
19 worker productivity has gone up. Corporations today have
20 record amounts of cash and the stock market continues to
21 hit record-breaking highs.

22 But what about the wages and the benefits of
23 American workers who created that wealth? They have been
24 flat and, in too many cases, they have declined.

25 If record corporate profits or tax cuts -- if record

1 corporate profits have resulted in worker pay raises, why
2 would corporate tax cuts be any different?

3 History shows they will not. We have seen this game
4 before. As the New York Times recently reported, in
5 2004, multinational corporations pedaled a similar bill
6 of goods on Capitol Hill; give us a tax holiday, we will
7 bring all those billions of dollars back that we stashed
8 overseas, we will bring it back to America and create
9 500,000 jobs; we will give workers significant pay
10 increases.

11 Congress, a decade-plus ago, bought what they were
12 selling. And in 2005, the Times reports that \$299
13 billion did, in fact, come back from overseas, flowed
14 back into the United States. But the jobs never came.
15 The pay increases never came.

16 Instead, that money went straight into the pockets
17 of corporate executives and corporate board members and
18 shareholders.

19 In fact, according to the Senate's own report, the
20 same corporations that took advantage of the tax holiday
21 actually laid off American workers, exactly the opposite
22 of what they promised. The top 15 corporations alone cut
23 20,931 American jobs, many of them in my State.

24 At the same time those companies, again, they
25 promised to bring the money back, to invest, to create

1 jobs and pay higher wages. At the same time, those
2 companies increased annual compensation for their top
3 five executives by 27 percent.

4 Wall Street got paid. American workers got cheated.
5 Let us not do that again.

6 The solution is pretty simple. You cut out the
7 middleman. Instead of giving money to corporations and
8 hoping some of it trickles down into the pockets of
9 working people, let us just give the money -- let us just
10 focus the tax cut on working people.

11 If we want to cut taxes for the middle class, maybe
12 we ought to cut taxes for the middle class. That is how
13 we grow our economy. That is how we create jobs. Not
14 through stock buybacks. Giving money directly to
15 consumers, who will spend it at the gas pump, in the
16 grocery store, in the local mall, in the car dealerships,
17 on family vacations, at local restaurants, at sporting
18 events.

19 That is how you build the economy from the middle
20 out. That is the fundamental difference on this
21 committee from the statements today. You give tax cuts
22 to the rich. It trickles down and nothing really happens
23 to build the middle class and stimulate the economy.

24 You focus on the middle class, you aim the tax cuts
25 at the middle class, that is how you grow the economy.

1 People like to talk history on this committee. Look at
2 the 1990s; 22 million private sector jobs created during
3 the Clinton years, when we focused on the middle class.
4 The 8 Bush years, zero net job increase. And this
5 committee did two big tax cuts for the rich during the
6 Bush years.

7 We have a chance, Mr. Chairman, to work together in
8 a bipartisan way to actually do real good for American
9 workers. The middle ground is obvious. Instead of
10 blindly doling out \$1 trillion to multinational
11 corporations who send jobs overseas -- count on that with
12 this kind of a tax code and these kinds of tax proposals
13 they are offering -- let us target those companies that
14 actually create good-paying jobs in the United States.

15 That is the Patriot Corporation Act. If you keep
16 jobs in the U.S., if you invest in American workers, if
17 you pay decent wages and benefits, you get a lower tax
18 rate. But if you send jobs overseas, if you take
19 advantage of American workers, you do not get a lower tax
20 rate.

21 By targeting tax cuts toward those corporations who
22 help grow our economy, we save billions of dollars that
23 we put directly in the pockets of American workers by
24 expanding tax cuts for the middle class.

25 Now, corporations, as we know, are beholden to

1 quarterly earnings reports. The families do not think in
2 terms of 3-month earning quarters. Families think in
3 terms of school years and 30-year mortgages and how many
4 years until they are prepared for retirement.

5 We need a tax code that does the same, that responds
6 to the needs of working families, not Wall Street. It is
7 not corporations that drive our economy. It is workers.
8 It is consumers. It is the middle class.

9 So give the tax cut directly to workers, to
10 consumers, to the middle class.

11 The Chairman's comments notwithstanding, we have
12 offered numerous times to work with our Republican
13 colleagues on this committee, and they put up a sign
14 pretty much saying no thanks. We have offered to work
15 directly with the President. In fact, not long ago, the
16 President of the United States invited all the Republican
17 members of this committee to sit with him in the Cabinet
18 Room. He invited the Ranking Member. He sort of thought
19 that would be appropriate. And then he invited five
20 other Senators, Senator McCaskill, Senator Casey, Senator
21 Nelson, Senator Stabenow, and me, the five of us.

22 We are not really sure why those five, but maybe we
23 will understand it. But during that meeting, I brought
24 up the Patriot Corporation Act. You help the companies
25 that do the right thing, that do what the President wants

1 them to do, pay good wages and keep production in the
2 United States, they get a lower tax rate.

3 I handed that bill to him. He said he liked the
4 idea. I also handed him my Working Families Tax Relief
5 Act, putting money directly in the pockets of the middle
6 class. He liked that idea, too.

7 Our door has been open. Our door will continue to
8 be open. We want to work together to pass tax cuts for
9 working families, for middle-class Americans. We want to
10 pass a bill that rewards employers who invest in American
11 jobs.

12 Mr. Chairman, let us work together to put money
13 directly in the pockets of the American people.

14 The Chairman. Thank you, Senator.

15 Let us try and keep within the 4 minutes.

16 Senator McCaskill?

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1 OPENING STATEMENT OF HON. CLAIRE McCASKILL, A U.S.
2 SENATOR FROM MISSOURI

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4 Senator McCaskill. I will do my best, Mr.
5 Chairman.

6 I believe in reforming our tax code. I believe in
7 cutting down some of the 70,000 pages in the code and
8 making our system more fair and simple.

9 I believe in bipartisanship and I was so excited
10 when I finally got an opportunity to serve on this
11 committee, the Finance Committee, the home of
12 bipartisanship, the home of a deliberative process. I
13 actually believed this would be a year that I would get
14 to participate in the famous bipartisan work of the
15 Senate Finance Committee.

16 So far, I have been very disappointed. There were
17 no hearings on the healthcare bill, and now we are about
18 to undertake a process that is so important and we did
19 not even get a section-by-section analysis of this bill
20 until 24 hours ago, 3 hours before we were supposed to
21 have amendments filed. And it is being done through
22 reconciliation.

23 Mr. Chairman, I adore you. I think you are a good
24 man, and we have worked together, and we are friends.
25 But I am going to quote you.

1 The Chairman. I like you, too.

2 [Laughter.]

3 Senator McCaskill. I am going to quote you. On
4 the floor of the Senate, you said, and I quote,
5 "Reconciliation has become, by its very nature, a
6 partisan process" and that "using the reconciliation
7 process would poison the well for tax reform, making it
8 all but impossible."

9 Those were your words a few years ago, Mr. Chairman.
10 We have not been invited to the rooms where this bill was
11 written. I have been told by some of my Republican
12 colleagues who actually wrote the bill -- they said,
13 "Well, you know, maybe if you went and talked to this
14 Senator, I think they are the ones that are writing it or
15 maybe this Senator, maybe they are the one that are
16 writing it."

17 Are we really going to begin a markup in the Finance
18 Committee when we did not even get a full 24 hours to
19 look at the section-by-section analysis before amendments
20 were due? Are we really going to do that?

21 And by the way, the section-by-section analysis we
22 got yesterday afternoon was different than the
23 description we got on Thursday. They were not even the
24 same.

25 I need to know how Missourians will be impacted. I

1 am disappointed at the lack of simplification in this
2 reform bill.

3 Real reform means making the tax code more simple
4 and fair. And I am worried that by the time the process
5 is all said and done, we are just going to make it that
6 much more complex.

7 I am concerned about the parity between corporations
8 and regular folks. It appears to me we have not done
9 away with very many loopholes to pay for the corporate
10 rate reduction or business deduction. But, boy, we have
11 gotten rid of them for individuals.

12 Think about this. A family of four in Missouri that
13 gets a job outside the City of Chicago, they can no
14 longer deduct their moving expenses. But a business in
15 St. Louis that decides to move its company to India can
16 deduct their expenses.

17 How fair is that? I am specifically most concerned
18 about the changes to the complexity of the new pass-
19 through rule. Ninety-five percent of the businesses in
20 America are pass-through entities. And we are making
21 major changes, with a lot of complexity about how they
22 are going to be treated.

23 You may have had hearings on big subjects or you may
24 have had working groups on big subjects. We have had no
25 hearings on the specifics of this proposal and how it is

1 going to impact Missouri businesses.

2 There is nothing in here about the carried interest
3 loophole, which we have been talking about for years, not
4 even mentioned. Why is it not in this bill?

5 We are in such a rush to pass this tax bill with
6 just Republican votes that I am afraid we have overlooked
7 some serious consequences for our state.

8 I will close with this, Mr. Chairman, because I do
9 not want to go over. It is now clear in my state that
10 this is going to blow a \$1 billion hole in Missouri's
11 budget, because they are hooked. When the standard
12 deduction is doubled for the federal, it is doubled at
13 the state level.

14 We have a balanced budget amendment in Missouri.
15 They are already this year cutting the disabled and the
16 elderly in terms of money that they receive, people who
17 really need the money, because of the budget problems
18 they are having in Missouri.

19 I need government in Missouri, the legislative
20 leaders and the governor, to tell me where that \$1
21 billion is coming from. Are they going to raise
22 Missouri's taxes, wiping out the benefits of the middle
23 class in this bill, or are they going to take even more
24 money out of higher education, transportation, and
25 payments to the elderly and disabled?

1 We have no idea what those states are going to do.
2 This is not well thought out, Mr. Chairman. We can do
3 this better. I want to work with you. I want to work
4 with the Republicans. Give us a chance.

5 Thank you, Mr. Chairman.

6 The Chairman. Thank you.

7 Senator Casey?

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1 OPENING STATEMENT OF HON. ROBERT P. CASEY, JR., A U.S.
2 SENATOR FROM PENNSYLVANIA

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4 Senator Casey. Thank you, Mr. Chairman.

5 I received a letter from a constituent of mine a
6 couple of weeks ago, from Chester County, Pennsylvania.
7 This was a letter that I left with the President after we
8 met with him in the meeting that Senator Brown referred
9 to.

10 Here is, in part, what the letter said. It said,
11 quote, "Why should high-income families get a tax break
12 when we will likely get a tax hike?" -- in the case of
13 his own family. And then he goes on to say, "Is tax
14 relief for families who never feel a pinch necessary at
15 the expense of those who budget and live responsibly?"
16 unquote.

17 Mr. Chairman, I have to echo those words. There is
18 bipartisan agreement that we need tax reform. We need to
19 reform the code, and we need to make it simpler and
20 fairer.

21 What is before us today, though, is not tax reform
22 that prioritizes the middle class, but a tax scheme that
23 is a giveaway to the super-rich and big corporations at
24 the expense of some, even many middle-class families.

25 We should be working together in a bipartisan way to

1 raise wages by way of this process, to create jobs for
2 the middle class. But instead, we have before us the
3 Republican tax plan that was negotiated and written in
4 secret by special interests in Washington and for special
5 interests in Washington.

6 That is likely the reason the plan is being rushed
7 through with little oversight. This partisan bill, which
8 moves around something on the order of \$9 trillion in our
9 economy, was released on Thursday night. We have been
10 given 4 days to carefully review over 247 pages of
11 proposed changes to the entire tax code and to understand
12 the potential impact on businesses and residents in our
13 state.

14 Contrast that process with what happened in the
15 Reagan years, and the number 34 is probably the most
16 relevant; 34 equals the number of hearings on the Reagan
17 proposal. The Reagan proposal was so detailed, it was
18 489 pages long. The Finance Committee held 27 hearings
19 on it and then seven hearings on a House bill that went
20 through long days of markup.

21 So a total of 34 hearings either on President
22 Reagan's proposal or the House bill.

23 What about this bill? Well, according to an
24 assessment we received from the Joint Committee on Tax,
25 about 40 percent of Americans making between \$30,000 and

1 \$40,000 a year will see a tax increase or a tax cut of
2 less than \$9 a month in the year 2019.

3 This is just on the individual income tax side. The
4 bill also makes significant changes to how and where we
5 tax corporations. This bill could actually encourage --
6 encourage -- outsourcing, which would be devastating to
7 families across the board.

8 The Senate bill includes a complicated calculation
9 which may actually allow companies who outsource
10 manufacturing to avoid paying any tax on those foreign
11 profits. At best, and this is being generous, the Senate
12 plan would tax foreign profits at a rate of 7.5
13 percentage points less than profits earned in the United
14 States.

15 Let me make three final points, Mr. Chairman. One,
16 according to estimates from the Joint Committee on
17 Taxation, Congress' official scorekeeper, at least 13.8
18 million middle-class households making under \$200,000
19 will see a tax increase in 2019.

20 The Tax Policy Center also found that under the
21 House plan, 25 percent of taxpayers pay more in 2027
22 under that scheme. And finally, the budget resolution
23 which kick-started the Republican tax plan cuts Medicare
24 and Medicaid by \$1.5 trillion.

25 So Republicans propose cutting nursing home care for

1 seniors and cutting services for individuals with
2 disabilities in the budget while, at the same time,
3 giving tax giveaways to the super-rich.

4 One final question, Mr. Chairman, I would ask is
5 that I wonder if anyone in the development of this bill
6 asked a simple question. What will the impact on
7 children be as a result of this bill? Will this bill
8 make it more likely or less likely that children will be
9 helped?

10 I am afraid that question was never asked.

11 Mr. Chairman, I will submit a longer statement for
12 the record. Thank you.

13 The Chairman. Thank you, Senator.

14 We will go to Senator Heller now.

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1 OPENING STATEMENT OF HON. DEAN HELLER, A U.S. SENATOR
2 FROM NEVADA

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4 Senator Heller. Mr. Chairman, thank you and thanks
5 for your leadership on this bill and for your thoughtful
6 comments at the beginning of this hearing.

7 Mr. Chairman, as you know, my mother was a school
8 cook and my father was an auto mechanic, probably the
9 bluest of blue collars, and yet they constantly told
10 their six children that if you work hard and play by the
11 rules, you will succeed. If you work hard and play by
12 the rules, you will live the American dream.

13 Now, I have heard from too many Nevadans, too many
14 Americans that have told me that the American dream is no
15 longer the case. And that is the reason, Mr. Chairman,
16 that we are here today.

17 For too many people, the American dream is slipping
18 away, whether it is a single mother that I heard from in
19 Las Vegas who does not receive child support, works full-
20 time, simply trying to make ends meet.

21 I have heard from the entrepreneur in Elko who is
22 fighting hard to get his small business off the ground,
23 wondering whether he will catch a break and be able to
24 hire his first employee.

25 I continue to hear from decent, hardworking Nevada

1 families and small business owners who are struggling to
2 cover their expenses and get ahead in life. And that is
3 because for too long, Nevadans and Americans across the
4 country have faced stagnant wages, slow economic growth
5 under the failed economic policies of the previous
6 Administration.

7 As a result of economic policies of the previous
8 Administration, wages and workers have suffered. Job
9 creation has suffered. Middle-class Americans have
10 suffered.

11 In Nevada, we still bear the scars of failed Obama-
12 era economic policies. Real median household income is
13 \$7,000 lower today than it was 10 years ago. Nevada
14 families are more likely to be living paycheck-to-
15 paycheck than families living in nearly every other
16 state.

17 The sad reality is that for Nevadans, the recession
18 has never really ended. And that is why I have been
19 working each and every day with the Chairman and for
20 months with my colleagues on this committee to create the
21 tax relief package that we have in front of us today, a
22 tax relief bill that accomplishes three major goals. It
23 creates more jobs, increases wages, and boosts American
24 competitiveness; a tax bill that provides real meaningful
25 tax relief to Nevada's middle class and to job creators;

1 a tax bill that lets the middle class keep more of their
2 hard-earned money, makes our tax code easier to
3 understand; a tax bill that requires less paperwork and
4 puts more money in people's back pockets; a tax bill that
5 results in more jobs, higher wages, and growth in our
6 communities; and, a tax bill that significantly increases
7 take-home pay and economic opportunity.

8 Recent studies by the White House Council of
9 Economic Advisers and Boston University economists
10 suggest that as a result of this bill that we are talking
11 about today, household income could rise by an average of
12 \$3,500 to \$4,000.

13 Now, think about what another \$3,000 to \$4,000 in
14 income would mean to a Nevada family that has not seen a
15 pay raise in 10 years.

16 Middle-class Nevadans and Americans across this
17 great Nation deserve a shot to a better life.

18 We now have a President who is willing to work with
19 us and sign meaningful tax reform into law, and it is
20 time for this committee to act and deliver on providing
21 true relief to middle-class taxpayers and to reinstate
22 the refrain by my parents that the American dream is not
23 only possible, but will be the reality for those who work
24 hard and play by the rules.

25 Mr. Chairman, thank you.

1 The Chairman. Thank you, Senator.
2 Senator Thune?
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1 OPENING STATEMENT OF HON. JOHN THUNE, A U.S. SENATOR FROM
2 SOUTH DAKOTA

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4 Senator Thune. Thank you, Mr. Chairman. I do want
5 to congratulate you and your staff for the hard work that
6 they put in to getting us where we are today, and to say
7 as has been noted by some of our colleagues that somehow
8 this was rushed upon us, is just not accurate.

9 I came on the Senate Finance Committee in 2011.
10 Since 2011, we have had north of 70 hearings -- 70
11 hearings -- Senate Finance Committee hearings on tax
12 issues, and I have sat through a good number of those,
13 most of them, I might add. And I do not think there is a
14 single theme that is explored in this tax reform bill
15 that was not covered in those hearings.

16 Then in 2015, under the Chairman's leadership, we
17 created five working groups, which examined in great
18 detail every aspect of the tax code.

19 I had the privilege of leading, along with Senator
20 Cardin, a working group that looked at business taxation,
21 and staff and members spent literally hundreds of hours
22 diving into the details, the finer points of a lot of
23 these issues, and then filing a report and making
24 recommendations.

25 There has been a ton of work put in to getting where

1 we are today, and I thank you for that, Mr. Chairman.

2 Let me just say, too, that one of the things that
3 has been -- a point that has been made here, again --
4 this is a typical throw-away line for Democrats -- and
5 that is that this is all tax cuts for the rich.

6 As has been pointed out by some of my colleagues
7 here, this will deliver tax relief to middle-income
8 families. That is an objective and indisputable fact.
9 We are nearly doubling the standard deduction, increasing
10 the child tax credit, lowering rates. Middle-income
11 families are going to get tax relief from this effort.
12 And, boy, do they need it, because a lot of American
13 families are living paycheck-to-paycheck.

14 In fact, a recent survey had 50 percent of American
15 families saying that they are living paycheck-to-paycheck
16 and that they are only one crisis or one, I should say,
17 incident away from a financial crisis.

18 So this is about putting more money in their pockets
19 so they can deal with their day-to-day issues and their
20 families and allow them to have bigger paychecks and more
21 take-home pay.

22 But, secondly, it is about growth. This
23 fundamentally is about economic growth. Why? Because we
24 have been having these abysmal growth rates for the last
25 8 years of 1.5 percent to 2 percent, and the

1 Congressional Budget Office has said we are going to grow
2 at less than 2 percent for the next decade.

3 I just do not think 1.8 percent, 1.9 percent growth
4 is good enough. That should not be the new normal in
5 this country. We have got to get this economy growing at
6 a faster rate.

7 What happens when the economy is growing at a faster
8 rate? It means that businesses are expanding and growing
9 their operations. It means the demand for labor goes up.
10 When the demand for labor goes up, the price goes up.
11 And what is the result of that? Higher wages.

12 That is what this is about -- higher wages for
13 American families who literally have not had a pay raise
14 in nearly a decade. That is what economic growth does
15 for an economy. And we know that tax reform will lead to
16 greater economic growth, because we know right now that
17 our tax code is completely noncompetitive in the global
18 marketplace.

19 If we do not get competitive in the global
20 marketplace, we are going to continue to hemorrhage jobs,
21 hemorrhage companies, hemorrhage profits, hemorrhage
22 investments to other parts around the world.

23 We have to make America an attractive place to
24 invest if we are going to get normal growth back into our
25 economy.

1 Then the issue, of course, has been raised, too,
2 about deficits, which I have been here long enough now to
3 know that we do not have 60 votes to cut spending. We
4 certainly do not have 60 votes to do anything about
5 reforming entitlement programs. We probably do not have
6 51 votes to do anything about reforming entitlement
7 programs.

8 I have been here long enough to know nobody wants to
9 take this issue seriously, which we have to do if we are
10 going to get our arms around making our spending on
11 government programs sustainable in the long term.

12 But the one thing that we can do through tax reform,
13 if we get greater growth in the economy, is start to
14 generate more revenue for the government. A 1 percentage
15 increase in the growth in the GDP will generate an
16 additional \$3 trillion over the next decade in terms of
17 revenue coming to the government.

18 If we want to deal with deficits, if we want to deal
19 with debt, we have got to get growth back. And the only
20 way we get growth back in this economy, Mr. Chairman, is
21 to start doing the types of things, putting policies in
22 place, that are going to make America an attractive place
23 to invest.

24 So I just want to thank you for your leadership on
25 this. And I will mention a couple of things.

1 The INVEST Act that you have incorporated into this
2 legislation would simplify accounting rules for
3 businesses, substantially accelerate cost recovery for
4 small and medium-sized businesses, which was a bill that
5 I introduced.

6 You also included the NEW GIG Act. Put simply, this
7 is legislation that addresses worker classification by
8 creating a safe harbor for those who want to work as an
9 independent contractor.

10 Those are both important pieces of legislation for
11 small and medium-sized businesses.

12 Mr. Chairman, I just want to say, again, if you look
13 at what we are trying to accomplish here, it is higher
14 wages, better paying jobs, more growth in the economy,
15 tax relief for middle-income families, and keeping jobs
16 here in this country. That is what this exercise is
17 about.

18 If we are going to be competitive in the global
19 marketplace, we simply have to reform our tax code and
20 simplify it.

21 Mr. Chairman, with that, I will yield back the
22 balance of my time.

23 The Chairman. Thank you, Senator.

24 Senator Enzi?

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1 OPENING STATEMENT OF HON. MICHAEL B. ENZI, A U.S. SENATOR
2 FROM WYOMING

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4 Senator Enzi. Thank you, Mr. Chairman. I want to
5 thank you for holding this important, historic beginning
6 of a markup today to consider tax reform that will boost
7 America's economy, that will create more jobs, and that
8 will leave more money in people's pockets from their
9 paycheck. And it is just the beginning of the process.

10 Once we finish some specific questions tomorrow, we
11 will begin the amendments, and it is my understanding
12 there are over 300 amendments that have been submitted
13 that can be debated. That is an opportunity for
14 everybody to have a say in this bill.

15 And that is not the end of it. If it makes it out
16 of committee, it will go to the floor and there is also
17 the opportunity there for amendment. Actually, under
18 this process, it is for virtually unlimited amendment.
19 After the last amendment is voted on, another one can be
20 put in.

21 So there is a lot of opportunity for everybody to
22 have input into this process. There has to be a
23 structure to start with and there is a structure here to
24 start with.

25 A lot of things have changed since 1986, but,

1 unfortunately, our tax code is not one of them. It is an
2 outdated mess and it is hurting America's workers and it
3 is holding our economy back.

4 That is why we need tax reform that will not only
5 make the system simpler and fairer, but it will put more
6 money in people's pockets.

7 Simpler that we are talking about, somebody said
8 that we should be able to file on a postcard and one of
9 the young staffers said, "What is a postcard?" So I
10 think we will have to have one screen on an app to take
11 care of most of the people now.

12 But it needs to be simpler. It needs to be fairer.
13 It needs to grow the economy to create more jobs and to
14 raise wages.

15 After years of stagnant growth, tax relief for every
16 American is how we can help jumpstart our economy.

17 Now, under the previous Administration, they had
18 this idea that if we just did some shovel-ready project,
19 we could stimulate the economy, it would only cost about
20 \$1 trillion. That was a dream. Some of them have not
21 even been spent yet.

22 But it did not work. The economy went to 1.9
23 percent GDP. That is productivity growth in the private
24 sector and that is, incidentally, where most of the money
25 comes from. That is where most of the people work, 1.9

1 percent. The norm is 3.2 percent.

2 We are just hoping that with some change now, a
3 little different approach, this is the approach the
4 President has asked for, that this approach will increase
5 the productivity about 0.4 of 1 percent and pay for
6 itself that way.

7 Now, along with tax cuts and fairness, we also need
8 to make our tax system simpler and by simplifying the
9 code, we will ensure hardworking Americans are not
10 missing out on available tax relief.

11 This bill provides relief for small, family-owned
12 businesses. In fact, that is a major part. That is the
13 pass-through business. That is where most of the jobs
14 are created. We want to make sure that small businesses,
15 which currently employ the majority of the private sector
16 in Wyoming, that that is the backbone of the communities,
17 and they will have the opportunity to grow and provide
18 more jobs.

19 I talked to some of them over the weekend and I
20 think they are excited about what we are doing.

21 If you care about jobs, if you care about American
22 companies not moving overseas and being able to compete
23 globally, then you also care about changing the business
24 tax.

25 America has the fourth highest corporate tax rate.

1 We need to encourage companies to bring back their
2 overseas money to increase the number of jobs. Lowering
3 our uncommonly high and uncompetitive business tax rate
4 would be one of the quickest ways to solve the problem.

5 It is time we make America a more inviting place to
6 invest, to do business, to create jobs especially in the
7 small businesses.

8 One of my long-time legislative priorities has been
9 international tax reform, which includes efforts to
10 encourage U.S.-headquartered multinational companies to
11 bring their money back to the U.S. and create a level
12 playing field.

13 We have forced our multinational companies to
14 operate with a set of tax rules that are more than 50
15 years old. I hope we can change that.

16 I look forward to working with my colleagues to pass
17 tax reform that will not only benefit hardworking
18 Americans, but that will make our country stronger.

19 I yield.

20 The Chairman. Thank you, Senator.

21 Senator Cassidy?

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1 OPENING STATEMENT OF HON. BILL CASSIDY, A U.S. SENATOR
2 FROM LOUISIANA

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4 Senator Cassidy. Thank you, Mr. Chairman.

5 The first point to make about this bill is it will
6 be a tax cut for working families in Louisiana. For the
7 last decade, those working families have real challenges.

8 Since 2008, we have had the slowest economic
9 recovery in U.S. history. Folks back home saw jobs
10 leave, healthcare costs skyrocket, paychecks stay flat,
11 even as the cost of living increased.

12 It has been harder and harder to work hard, play by
13 the rules and still get ahead. Americans expect and
14 deserve better.

15 Several more points to make. Tax reform will put
16 The American Dream within reach again by letting people
17 earn more money and keep their money. The bill, again,
18 cuts taxes across the board, almost doubling the standard
19 deduction, so that a family's first \$24,000 in income is
20 tax-free.

21 It expands the child tax credit to \$1,650 per child.
22 According to the Tax Foundation's analysis, the bill will
23 boost take-home pay for Louisiana families by
24 approximately \$1,900 a year -- more money for groceries,
25 education, retirement, and for raising kids.

1 Imagine what that would mean to families from Monroe
2 to Lake Charles, Freeport to New Orleans. It will mean a
3 big difference in their life.

4 Another point. Tax reform helps create better
5 paying jobs and increased opportunity for everyone. Now,
6 the current tax code encourages American companies to
7 move overseas and/or for a foreign company to buy an
8 American company.

9 This bill changes that. It instead encourages
10 companies to invest in the United States. Investment
11 creates jobs.

12 Again, according to the Tax Foundation's analysis,
13 this bill would create more than 12,600 new jobs in
14 Louisiana alone, nationwide creating nearly one million
15 new jobs. And when there is competition for workers,
16 companies bid up workers' wages and they give better
17 benefits, all in an attempt to recruit those workers.

18 Next point. For Louisiana particularly, this will
19 encourage energy producers to make investments in the
20 Gulf Coast and provide good-paying jobs to those workers.
21 This will reinforce America's status as the world's
22 energy superpower, with all the economic, national
23 security, and geopolitical benefits that come along.

24 Outside of energy, the inclusion of provisions like
25 the historic tax credit is very positive for my state.

1 That single provision has supported more than 38,000 jobs
2 and \$2 billion in development in Louisiana since 2002.

3 Last point. Tax reform is a key priority for
4 President Trump, for Republicans in the House, and for us
5 in the Senate. We are united in our goal to reform the
6 tax code, cutting taxes for working families.

7 I am proud of the work we have done here, Mr.
8 Chairman. Congratulations. I look forward to working
9 with everyone to make it even better. We are going to
10 keep working until we can get the job done and provide
11 Louisiana families and workers with the support they need
12 and deserve.

13 Mr. Chairman, I yield back.

14 The Chairman. Thank you, Senator. We appreciate
15 your work.

16 Senator Warner?
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1 OPENING STATEMENT OF HON. MARK R. WARNER, A U.S. SENATOR
2 FROM VIRGINIA

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4 Senator Warner. Thank you, Mr. Chairman.

5 Let me also start by echoing what Senator McCaskill
6 said. I was really anxious to get on this committee,
7 spent a lot of time and very much appreciate the fact
8 that when time came -- whether I would stay on or not,
9 you were in my camp and I appreciate that.

10 But I have to tell you, sir, I am so disappointed by
11 the process.

12 The Chairman. I would like to stay in that corner.

13 Senator Warner. I understand. Mr. Chairman, I
14 would like to get us both back in that corner together.
15 But I just have got to tell you --

16 The Chairman. You are doing well.

17 Senator Warner. This process, I think, has been
18 opaque. I think it does not uphold the strong bipartisan
19 credentials that you and the Ranking Member have brought
20 to so many issues.

21 I just wonder why the Majority has kept it so much a
22 secret and, as Senator McCaskill said, again, rushing
23 this through with no time. When you get to the end of
24 the day, this is not a bill that more sunshine and
25 sunlight is going to help.

1 I think we are going to see, whether it is pass-
2 throughs or a host of these other issues that we have
3 rushed through without proper review and appropriate
4 examination.

5 Let me also mention the fact that I know a number of
6 individuals have mentioned earlier efforts in this arena.
7 One that I was proud to be involved in was Simpson-
8 Bowles. Many of us tried to bring that plan forward.

9 But let me make sure we recall Simpson-Bowles. Yes,
10 it lowered corporate rates, but it was actually fully
11 paid for. It even actually increased our revenue flow.

12 I will acknowledge, Mr. Chairman, we do have one of
13 the highest corporate tax rates in the world and we do
14 need to lower it to make it more competitive. You also
15 have to acknowledge the fact that if you look at
16 America's total tax burden, compared to all of our
17 competitive countries around the world, America ranks
18 31st out of 34.

19 Now, that is an unfortunate fact that people do not
20 like to acknowledge too often. But if we are going to
21 look at how we stay competitive with countries that have
22 much lower corporate rates, we have got to look at how
23 they are generating revenues, and, frankly, we have not
24 looked at those to the level it needs examination.

25 The bulk of this reform does provide business tax

1 cuts. Again, I will acknowledge we need a more
2 competitive corporate tax system. But if we look at
3 recent behavior, if we look at recent corporate behavior,
4 there is no evidence that these additional corporate
5 profits will actually translate into higher pay for
6 workers.

7 I would simply point out data that points out that
8 in the last couple of quarters, as much as 95 percent of
9 all corporate profits have been spent on share buybacks
10 and dividends. It is not transferred down to workers.

11 I also know that balanced tax reform should grow the
12 economy and not national debt. You start with a bogey of
13 \$1.5 trillion that, in fact, we are not going to count.
14 That will add billions of dollars to our annual debt
15 payments, annual debt payments that are already in excess
16 of \$150 billion a year because of the mutually assured
17 destruction that we have when we accumulated \$20 trillion
18 in debt over the last 70-plus years.

19 Adding more to that I think is a huge mistake, Mr.
20 Chairman. I know a number of members have said this is
21 going to provide growth. We should not accept these low
22 growth rates. I agree. But I challenge any member on
23 the other side to show me a time when tax cuts paid for
24 with borrowed money, particularly at a moment of near
25 full employment, have led to any type of the growth

1 numbers that you built into your plan.

2 Do not take my word for it. Alan Greenspan said
3 that just last week. Tax cuts with borrowed money near
4 full employment will not provide growth.

5 My time is running down. I do hope that we will
6 have a chance -- and I am going to have a series of
7 amendments. For example, I have got an amendment that I
8 would hope that I would gain your support and others that
9 says that for those companies, we are going to get
10 particularly the great rate that they are offered on
11 repatriation. Maybe there ought to be a requirement for
12 those companies to offer meaningful workforce training
13 programs for those low- and moderate-income workers.

14 I will offer a plan that Senator Thune and I worked
15 on for a long time that would actually encourage
16 businesses to help pay back student debt.

17 I have got another amendment that would ensure that
18 rate cuts would only go into effect if we meet those
19 revenue triggers. If you believe the growth projections,
20 both have a little skin in the game. Let us then have a
21 trigger in case those projections are not met.

22 I am going to exceed my time, I already have. Mr.
23 Chairman, I do hope we get a chance to work on this
24 together. I appreciate your and the Ranking Member's
25 leadership. This is way too important to rush through

1 and I hope that we can slow the process down so that we
2 can get it right.

3 Thank you, Mr. Chairman.

4 The Chairman. Thank you, Senator, appreciate it.

5 We will call on Senator Cardin at this point.

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1 OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, A U.S.
2 SENATOR FROM MARYLAND

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4 Senator Cardin. Thank you, Mr. Chairman.

5 Let me start by saying that I am really disappointed
6 that as we start this debate, the two basic principles
7 that I thought members of this committee would embrace
8 are being violated.

9 First, this bill is not aimed at middle-income
10 families. When you take a look at how much relief is
11 given at the highest income level versus the type of
12 relief in middle-income families, you understand that
13 this bill is aimed at the wealthy.

14 The modifications in the estate tax, the elimination
15 of the alternative minimum tax, that benefits wealthy
16 families. And the Joint Tax Committee tells us in 2023,
17 in excess of 10 million families, middle-income families
18 will actually pay more in income taxes.

19 So it is not skewed toward middle income families.
20 It is skewed toward business tax relief and high income
21 families. Why? Because you have eliminated such things
22 as the state and local tax deduction -- let me just
23 qualify that.

24 You have eliminated the state and local tax
25 deduction for individuals, but not for businesses. They

1 can still take the tax deduction, just individuals
2 cannot.

3 In my State of Maryland, almost 50 percent of our
4 taxpayers use the state and local tax deduction. So that
5 is not fair.

6 If we look at what the House did, some of the
7 individual tax changes are temporary, where the business
8 taxes were made permanent. We know this is not the last
9 we are going to hear of it. I expect this will get more
10 skewed toward wealthy families.

11 But the second condition has also been violated, and
12 that is that this bill blows a hole in the deficit. I
13 understand you like to use a magic wand and say that we
14 will get growth to deal with it.

15 We have objective scorekeepers that have been
16 traditionally right in their projections. What you are
17 trying to do is put three pounds of sugar in a 1.5-pound
18 bag. It does not fit. It does not fit.

19 We are going to increase the deficits, and that is
20 not a way for economic growth. There is a better way.
21 And you are creating problems. I mentioned state and
22 local tax. To me, that is a double tax. It is not fair.

23 I heard some of my Republican colleagues say that we
24 are doing this because there are more Democratic states
25 that look like have the higher percentage of taxpayers.

1 By the way, it is taxpayers in all states that are going
2 to get hurt by the elimination of state and local taxes.

3 But I hope we understand that this is the United
4 States, because we could get into some nasty regional
5 battles on transportation bills, on agricultural bills.

6 But we try to do the policy that is right and double
7 taxation, for taxpayers not to be able to take their
8 state and local taxes, that is, the deduction on their
9 income taxes, is just plain wrong and not good policy.

10 You are also creating other problems, and I will
11 just give you one example I find just outrageous, and
12 that is discounting the historic tax credit. That is
13 used in my state and around the Nation to get renewals in
14 communities that desperately need economic opportunity.
15 That is just one example of a tool that is going to be
16 weakened.

17 Quite frankly, there is a better way. If we want to
18 create jobs, then we do we not take a bipartisan proposal
19 we had in the last Congress, use the funds that come from
20 repatriation and put it in infrastructure? We know we
21 are going to get a lot more jobs that way. Let us
22 rebuild America. The President said he wanted that.
23 But, no, you are taking this money and using it for other
24 purposes.

25 There is a better way for economic development. Let

1 us improve the low-income housing tax credit and new
2 market tax credit, historic tax credit. That will create
3 jobs, particularly in vulnerable communities that need
4 that help. But, no, you are not improving those tools
5 that are available if we are really interested in job
6 growth.

7 Why do we not do something to really improve
8 retirement security in this country? We had bipartisan
9 proposals to do it. But, no, we do not see any real
10 effort made to improve retirement security.

11 Yes, there is a better way. Senator Warner is
12 right. All of us understand that we have global
13 competition issues, but we are the only country in the
14 industrial world that uses exclusively income taxes for
15 business.

16 Why are we not looking at alternative ways? Some of
17 us have put forward proposals to do that, as the Chairman
18 is aware, a proposal that I brought forward.

19 We want to work in a bipartisan manner. Why?
20 Because we will get a better bill and it will stand the
21 test of time.

22 We are not getting off to a good start here. I
23 would urge the Chairman to recognize that this is not a
24 transformational bill that you have brought forward. You
25 have put together tax cuts of various groups in a package

1 that makes little sense for middle-income families and
2 for our national debt.

3 The Chairman. Thank you.

4 Senator Stabenow?

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1 OPENING STATEMENT OF HON. DEBBIE STABENOW, A U.S. SENATOR
2 FROM MICHIGAN

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4 Senator Stabenow. Thank you, Mr. Chairman.

5 There is no question we need tax reform that creates
6 jobs and incentivizes companies to bring jobs back to
7 America, help small businesses, and puts more money in
8 the pockets of middle-class families in Michigan and
9 across the country.

10 If that was in the bill in front of us, I would
11 enthusiastically support it. However, that is not what
12 is in the Republican bill. Instead, it is the same
13 trickle-down scheme that has failed every time it has
14 been tried.

15 We know between the House and Senate bills, millions
16 of middle-income Americans will actually get a tax
17 increase.

18 Since 1979, we have seen huge gains in the stock
19 market and wages for the top 1 percent have grown by 138
20 percent. But middle-income families are not feeling it.
21 In fact, the vast majority of American workers have seen
22 their wages stagnate or even go down. Profits have gone
23 up, but not paychecks.

24 Now, our Republican colleagues have promised these
25 same hardworking, middle class families that by, once

1 again, giving the top 1 percent and the largest
2 corporations huge tax giveaways, workers can magically
3 receive \$4,000 or \$7,000 or \$9,000 raises.

4 Mr. Chairman, the proof is in their paychecks.
5 There is absolutely no evidence from past supply side tax
6 giveaways that it results in hiring more people or
7 raising workers' wages.

8 We have heard these same trickle-down promises
9 before back with the Bush tax cuts in 2001, 2003. My
10 colleagues from across the aisle said on the floor that
11 the Bush tax cuts would, quote, "aid the people and
12 businesses who make up our economic machine and get it
13 moving down the track at full speed," unquote.

14 Unfortunately, that is not what happened. The train
15 derailed, growth was almost nonexistent, and the deficit
16 exploded. Middle-class families saw little lasting
17 benefit. But the huge deficits were used by the
18 Republicans as the reason that then they wanted to
19 privatize Social Security, which, fortunately, Democrats
20 stopped.

21 Economist Bruce Bartlett served as Deputy Assistant
22 Secretary of the Treasury for Economic Policy during the
23 Reagan and George H.W. Bush Administrations. Last month,
24 when asked if tax cuts pay for themselves through greater
25 economic growth, Mr. Bartlett had some strong words, and

1 I quote, "That is a lie. It has always been a lie.
2 There is not one iota of evidence that would support this
3 argument."

4 In fact, he said wages fell for 10 years after
5 enactment of the Tax Reform Act of 1986.

6 And there is another part of what is happening now
7 that is very concerning to me, Mr. Chairman. The
8 recently-passed Republican budget resolution makes it
9 clear that after passing the huge trickle-down tax
10 giveaways, an increase in the deficit by at least \$1.5
11 trillion, the next step will be to use the newly created
12 debt as an excuse to cut Medicare and Medicaid; in fact,
13 almost \$1.5 trillion in cuts is in the budget.

14 There is another recent example of this supply side
15 approach to tax reform not working, as well. In 2012,
16 our former Senate colleague and now Governor Sam
17 Brownback promised the people of Kansas that giving huge
18 tax giveaways to large corporations and the wealthy would
19 supercharge the safe economy.

20 Unfortunately, it did not. The State of Kansas bond
21 rating fell. They were 48 out of 50 in job growth, and
22 they had a \$900 million budget shortfall, which caused
23 some communities to cut schools to 4 days a week in order
24 to balance their budget.

25 The people of Kansas revolted. Early this year, a

1 coalition of Republicans and Democrats in the legislature
2 reversed most of the tax giveaways.

3 In other words, middle-class families were sold a
4 bill of goods and were left with a mound of debt.

5 Michigan families deserve a \$4,000 or a \$7,000 or
6 even a \$9,000 raise. Republicans have made these
7 promises and I believe these promises should be kept.
8 But if this trickle-down scheme fails again and middle-
9 class families just get mounds of debt and cuts in
10 services, I believe Congress should commit to stopping
11 the tax giveaways, just like they did in Kansas.

12 I am going to offer, Mr. Chairman, a number of
13 changes that will ensure the benefits of these tax cuts
14 go to middle-income families and that the promises being
15 made to them will be kept.

16 If my Republican colleagues are serious -- and I
17 hope they are -- on putting more money in the pockets of
18 middle-income people, I hope you will join me.

19 For hardworking families in Michigan, it is really
20 simple, the proof is in their paycheck.

21 Thank you, Mr. Chairman.

22 The Chairman. Thank you.

23 Senator Carper?

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1 OPENING STATEMENT OF HON. THOMAS R. CARPER, A U.S.
2 SENATOR FROM DELAWARE

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4 Senator Carper. Thanks, Mr. Chairman.

5 For more than 9 years, since I have first joined
6 this committee, I have wanted to do tax reform, like many
7 of you. I have always believed that a sensible,
8 equitable, fiscally responsible tax overhaul could help
9 grow our economy, create good-paying jobs, and boost
10 wages so more families have a better shot at the American
11 dream.

12 I have a great deal of respect and affection, if you
13 will, for our Chairman, Ranking Member, and many of our
14 colleagues on both sides of the aisle. Many of us have
15 worked together for a long time. Unfortunately, however,
16 the process used to try and force this tax bill across
17 the finish line is not a credit to the bipartisan
18 tradition of this committee.

19 We can and, more importantly, we should do better
20 than this.

21 I was here when this committee wrote the Affordable
22 Care Act. I recall that our friends on the other side of
23 the aisle objected, claiming that Congress was moving,
24 quote, "too fast" in trying to remake one-sixth of the
25 economy.

1 Close review of that process we used then suggests
2 otherwise. We did not move too fast. In fact, in the
3 year before this committee passed the Affordable Care
4 Act, more than a dozen bipartisan hearings were held on
5 the health reform proposal that became the Affordable
6 Care Act.

7 We held multiple bipartisan roundtables and several
8 bipartisan option papers were published. In addition,
9 there were detailed, exhaustive negotiations between
10 three senior Democratic members of this committee and
11 three senior Republican members of this committee. They
12 lasted for 3 months, as I recall.

13 Unfortunately, we have had no hearings on this tax
14 reform proposal, none. We have held no bipartisan
15 negotiations, none. We have held no bipartisan
16 roundtables, none.

17 The proposals in this bill, which was released just
18 4 days ago, attempt to make not one-sixth of our economy,
19 but literally 100 percent of our economy. Meanwhile, the
20 public has been told next to nothing about how this
21 legislation might affect them.

22 A truly bipartisan effort would not involve ramming
23 through such imperfect legislation on a partisan vote,
24 using the reconciliation process. A truly bipartisan
25 effort would have begun months ago. It would have been

1 done through regular order, with bipartisan engagement,
2 with careful and thoughtful negotiations occurring over
3 months.

4 A truly bipartisan effort would have been open and
5 inclusive, with members of both parties sitting at the
6 table.

7 Unfortunately, none of that applies to the process
8 that is being used here. This process stands in stark
9 contrast to the bipartisan efforts led by Senators Lamar
10 Alexander and Patty Murray on the HELP Committee to find
11 bipartisan solutions to stabilizing the healthcare
12 exchanges.

13 It is not surprising that a flawed process has
14 produced a flawed product. This is not the kind of
15 bipartisan tax reform we ought to be doing.

16 As my colleagues may recall, when considering any
17 tax proposal, I always look through the prism of 4
18 questions. The first question is, is it fair. In answer
19 to that question, I am afraid that this tax bill will
20 likely increase the taxes on millions of middle-class
21 families beginning next year.

22 I fear that this bill make it harder for many
23 Americans to buy a home. I fear that this bill will
24 imperil state and local funding for education and funding
25 for healthcare, as well as for college aid and job

1 training, as well as for transportation and for first
2 responders and so many other crucial services.

3 Yet, there is somehow enough fiscal room in this
4 bill to offer large tax cuts to high-income households
5 and to many corporations. This bill makes it easier for
6 family dynasties to give inheritance to their wealthy
7 heirs.

8 This bill cuts the top tax rate and eliminates the
9 required minimum tax for wealthiest Americans. None of
10 this meets my definition of fairness.

11 The second question I always ask when faced with tax
12 reform proposals is this: does it foster economic growth
13 and job creation? It is hard to separate the economic
14 effects from large deficits that this bill would create.
15 As more and more federal debt piles up as a result of
16 this tax bill, interest rates are likely to rise, making
17 it harder and harder for Americans to buy a home, finance
18 higher education, and run a business.

19 This bill also includes reforms to the international
20 tax system, but lacks the necessary guardrails to prevent
21 the off-shoring of American jobs and the off-shoring of
22 our tax base.

23 As more Americans jobs go overseas as a result of
24 this legislation, as more corporate profits are shifted
25 overseas as a result of this bill, Americans will be

1 looking back at this moment -- at this point -- at this
2 point in time -- at this process in the Congress and they
3 will know who is to blame.

4 The third question I always ask when faced with a
5 tax reform proposal is this: does it make the tax code
6 simpler or more complex? I would support a well-designed
7 proposal to double the standard deduction, as this bill
8 does. But there is still more work to be done to make
9 the tax code simpler.

10 Unfortunately, this bill introduces new and
11 complicated provisions -- for example, new requirements
12 to claim the child tax credit -- that will make it
13 difficult for Americans to file their taxes.

14 The fourth question I ask may be the most important
15 one: is this measure fiscally responsible? Sadly, the
16 answer is absolutely not. This bill blows a \$1.5
17 trillion hole in the deficit and it will wind up being
18 far more costly, I suspect, than that as the deficits
19 continue to grow in the years and decades beyond the next
20 10 years.

21 Today we have a \$666 billion federal deficit. I
22 think that was the deficit for the year that just ended.
23 Eight years into the longest-running economic expansion
24 of our country, the last thing we need to do is to
25 continue to run up the deficit.

1 When our economy is expanding, we ought to be
2 reducing the deficit, not blowing it up higher. Truth be
3 told, exploiting our deficits to pay for a tax break
4 mostly for the wealthiest people in our country is just
5 not necessary. It is, I think, unconscionable.

6 Not a single Senator up here is opposed to every
7 single thing in this bill, but the bulk of this bill is,
8 frankly, to me, unacceptable; not all of it, but much of
9 it.

10 It is not good for the American economy, American
11 families. I do not think it good for American workers or
12 American businesses or American children, and, in the
13 end, it is going to be borne by future generations.

14 I just want to implore the Chairman and our friends
15 on the other side of the aisle, let us go back to the
16 drawing board, let us start anew on a real bipartisan
17 basis and let us write something that can be permanent,
18 that will endure. Let us write something that actually
19 is fair, that actually fosters economic growth, that
20 actually simplifies the tax code, and that actually
21 reduces the deficit, not make it larger.

22 Let us write a tax reform bill that is fair and
23 fiscally responsible. Let us do tax reform right.

24 Thank you, Mr. Chairman.

25 Mr. Chairman, if I could just say one last quick

1 thing. Sitting next to you, Mr. Chairman, you have been
2 a great advocate and really enabler of bipartisan
3 compromises in the past, not just with Ted Kennedy, but
4 all kinds of people.

5 The man sitting next to you, Ron Wyden, he has
6 crafted not one, but two major tax reform proposals in
7 the last several years, not one, but two. With his
8 leadership and hopefully the support of even Ben Cardin
9 here, we can do this. We can do this. But let us just
10 hit the pause button and see if we cannot do it right.

11 Thank you.

12 The Chairman. I agree we can do it, but we have
13 not been able to far.

14 Senator Scott?

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1 OPENING STATEMENT OF HON. TIM SCOTT, A U.S. SENATOR FROM
2 SOUTH CAROLINA

3

4 Senator Scott. Thank you, Mr. Chairman.

5 It is certainly a good day in the United States
6 Senate. It is a very good day, hopefully, for the
7 country as we think about the opportunities to lower
8 taxes and, at the same time, create more jobs here at
9 home.

10 The two pillars of tax reform, the first pillar is
11 simple. Let us make sure more Americans can take home
12 more of their paychecks. What does that mean? Well, if
13 you are a single mother, the average single head-of-
14 household in this country makes less than \$36,000 a year.

15 What that means, take home more of your hard-earned
16 money, what it means is about a 55 percent cut -- 55
17 percent cut in your tax burden under our plan.

18 When we talk about the number of tax reform, we can
19 easily get folks lost and you can see their eyes glaze
20 over. But we are not talking about the numbers. Tax
21 reform is about the people; not only the single head-of-
22 household, but also folks who have dependent children.

23 In our plan, \$1,650 is the new child tax credit, not
24 \$1,000, but \$1,650, because what we know in America is
25 that it is getting harder and harder for everyday

1 Americans, the typical American household to make ends
2 meet.

3 Not only are we looking for ways to help the typical
4 American family, who makes about \$73,000 a year, to keep
5 more of their hard-earned money, about a \$1,500 cut, we
6 are also going to make sure we build and create the jobs
7 of the future here at home by making America more
8 competitive with our competitors around the world.

9 Today we have a 35 percent tax rate, which is the
10 highest in the industrial world. Said differently, when
11 you compare us to our OECD partners, 35 percent versus
12 the average of 22 percent.

13 What does that mean, the 13 percent? What it means
14 is something very simple. Fewer jobs created at home.

15 We also have a global system of taxing versus a
16 territorial system. Said differently, let us make sure
17 that profits all over the world made by American
18 companies are able to be reinvested in our country
19 without double taxation.

20 Mr. Chairman, this is a generational opportunity
21 that we must seize, and that begins this week in this
22 committee, when we have the votes to pass to the full
23 floor of the Senate tax reform, which is defined as tax
24 relief for typical American families and the ability to
25 create the jobs of the future here at home.

1 It is a good day for all Americans, it is a good day
2 in Washington when we focus on the American people.

3 Thank you, Mr. Chairman.

4 The Chairman. Thank you, Senator.

5 Senator Wyden. Mr. Chairman?

6 The Chairman. Yes, Ranking Member?

7 Senator Wyden. Mr. Chairman, I think we are
8 awaiting Senator Nelson, and I appreciate your courtesy.

9 I think you and I have some brief wrap-up remarks before
10 we finish for the day.

11 I think, Mr. Chairman, you are a very skilled lawyer
12 and, as you know, I ran the legal aid office for the
13 elderly. I am not in your league, but if this was a
14 lawsuit, I think we would stipulate to key facts, key
15 facts that the public would take see would take us in the
16 right direction.

17 Both sides have made it clear. We think the tax
18 code is a dysfunctional mess. I call it a rotting
19 economic carcass. We are in agreement on that.

20 Both sides say they want to have bipartisan tax
21 reform. I think we understand why, because to grow the
22 economy, to encourage innovation, you need certainty and
23 predictability and you only get that through
24 bipartisanship.

25 I appreciated your throwing me all these bouquets,

1 saying that the bipartisan bill we now have with Senator
2 Coats is like yours, but, respectfully, they could not be
3 more different. We tripled the standard deduction in the
4 bipartisan bill, with no takeaways. We do not take away
5 those personal exemptions that are so important, for
6 example, to a large family in Missouri or Maryland. So
7 big difference on the middle class.

8 We reward creating red-white-and-blue jobs, jobs in
9 America. But the way this bill is written, those
10 American multinationals get a better break overseas than
11 they do for doing business in the United States.

12 Third, we move to a closer relationship between
13 income from a wage and income from capital. As Senator
14 McCaskill said, the capital gains and some of the
15 provisions have all stayed the same, and yet what we did
16 in the bipartisan bill was we reduced the differential
17 between income from a wage and income from capital.

18 I think the way I would like to close our arguments
19 for today is if this committee did what the President has
20 repeatedly said he wants done -- and I will tick them off
21 -- a focus on the middle class -- I was in a session
22 where he said specifically it should not go to people
23 like me and he said he does not want to hurt Medicare and
24 Social Security, the challenges we will have by exploding
25 deficits. And he wants it to be bipartisan.

1 If we did, in this committee, on a bipartisan basis,
2 what the President has said he wants to do, we could have
3 a debate the committee would be proud of. It would get,
4 in my view, 80 votes on the floor of the United States
5 Senate and across America people would say that on an
6 issue that really touches on the remaking of the American
7 economy for generations to come, Democrats and
8 Republicans would crucially have found some common
9 ground.

10 There is still time to do that. I expect tomorrow,
11 because the Majority keeps altering their bill, we are
12 going to see some new contortions to try to figure out
13 how to make the Republican bill, the partisan bill, fit
14 the budget strictures, while still being this multi-
15 trillion dollar bait-and-switch, taking from the middle
16 class, supporting the multinationals.

17 It does not have to be this way, Mr. Chairman. That
18 is the lesson of the last 2.5 hours. There is a lot of
19 goodwill on both sides. If this was a lawsuit, we would
20 pretty much stipulate to those things we desire for a
21 bipartisan approach, a recognition of how egregiously
22 broken the system is, and then get on with it.

23 You and I have done a lot of bipartisan work
24 together. This stands out as a great departure from
25 that. And I hope as we move to tomorrow's session, where

1 I think there will be very spirited questioning of Mr.
2 Barthold, the head of the Joint Committee on Taxation,
3 that we can still recover both the substance and the
4 spirit of the Finance Committee's storied history.

5 I walked through the anteroom today and looked at
6 all of those great leaders, Democrats and Republicans.
7 They would not have much favorable to say about the way
8 in which this is being proposed, and there is still time
9 to change it.

10 Thank you, Mr. Chairman.

11 The Chairman. Thank you, Senator.

12 I think the hearing was a good hearing. I want to
13 thank everyone who participated here today.

14 Before we adjourn for the evening, I want to clarify
15 a few points that have been raised during today's
16 statements. I will boil it down to a few key points so
17 that there will be no mistaking my meaning.

18 This bill is not a massive tax cut on the wealthy.
19 It provides across-the-board tax relief, with those in
20 the middle class getting the largest proportional
21 benefit. In fact, millionaires and billionaires will
22 shoulder a larger portion of the tax burden under this
23 bill.

24 That is not just me talking. That is the Joint
25 Committee on Taxation's conclusion.

1 Number two, this bill is not a massive tax increase
2 on the middle class, which I find really surprising.
3 While no one can guarantee that a tax plan will have the
4 same type of impact for every single taxpayer, our bill
5 comes very close.

6 According to JCT, roughly 90 percent of middle-class
7 families will see their taxes go down or, at the very
8 least, stay the same. That is an exceptional level of
9 success that some of our colleagues would have us ignore
10 in favor of some raw numbers cited out of context.

11 Number three, this is not a big giveaway to
12 corporations. Virtually every member of this committee
13 has at one time or another expressed support for reducing
14 corporate tax rates. Our bill does so in a reasonable
15 manner, placing our country well within the mainstream
16 among industrialized nations.

17 Both Republicans and Democrats have recognized the
18 need to let American businesses be more competitive. My
19 Democratic colleagues' sudden aversion to accomplishing
20 that goal by reasonably reducing the corporate tax rate
21 is a pretty recent development. It is a pretty recent
22 development and clearly has more to do with politics than
23 any sincere views on policy.

24 Number four, the process for producing and
25 considering this bill has not been unnecessarily

1 abbreviated or secretive. There is nothing secret about
2 all this. The committee does not typically have specific
3 hearings to examine specific pieces of legislation. That
4 is not the tradition of the committee.

5 We have been at this now for more than 6 years. We
6 have had 70-plus hearings, numerous reports, and
7 countless opportunities and public discussions on the
8 issues under consideration.

9 Any demand for additional process at this point is
10 likely more about delay than about uncovering any new
11 information.

12 Number six, the claims that Democrats have been shut
13 out of the process are false. The Democrats on the
14 committee most certainly recall the letter they all
15 signed in which they issued preconditions and ultimatums
16 for their participation in a bipartisan tax reform
17 process.

18 I have essentially taken them at their word. Yet, I
19 have also stated in hearings, markups, and on the Senate
20 floor that I want to see Democrats at the table for this
21 exercise so long as they are willing to come without
22 preconditions or unreasonable demands.

23 No one took me up on this offer, no one, and my door
24 has always been open. Everybody knows me. They have
25 seen me manage three major committees in the United

1 States Senate and they have seen me work across the aisle
2 with all kinds of Democrats throughout these years, some
3 of whom were very difficult to work with, some of whom
4 were considered great Democrats.

5 No one took me up on this offer, and my door has
6 always been open.

7 Now, we will get into these issues more as this week
8 rolls on, but given some of what we have heard here so
9 far, I thought these points needed to be reiterated.

10 Look, I have a desire to make this committee operate
11 fairly, in a straightforward way, with consideration to
12 my colleagues on the Democratic side and my colleagues on
13 the Republican side, and I think I have a reputation for
14 trying to do exactly that.

15 These are not issues we all do not understand. We
16 have been working on them for decades. And, frankly, it
17 gets a little old sometimes when you hear the same old,
18 worn-out arguments every time when they do not really
19 work with us to get these things done.

20 Now, I respect my Democratic colleagues. We have
21 some of the brightest Democrats in the Senate on this
22 committee, which we should, and I would appreciate it if
23 they worked more with us and quit the bellyaching and let
24 us get some things done for the American people.

25 I do not think you are ever going to have a chairman

1 who is more willing to try and get them done in a
2 bipartisan way than I am, and I have got the reputation
3 to prove that.

4 The great liberal Democrat was Ted Kennedy, and he
5 found out that, by gosh, we could work together and he
6 enjoyed it. And, frankly, he was not easy to work with
7 sometimes, but then in the end, before it was all done,
8 he and I have had some of the most important bills in
9 history.

10 Frankly, no one was more proud of passing those
11 bills than Ted Kennedy was. And you can say the same
12 thing about a whole raft of others in the United States
13 Senate, as well.

14 My goal is not to play partisan politics on this
15 committee. But I am a tough guy and if we cannot get
16 cooperation, we are going to move ahead, whether you like
17 it or not, but I would prefer the cooperation. I would
18 prefer us working together. I would prefer us, using our
19 best efforts, to try and get the best tax system in the
20 United States than we have ever had before.

21 Thus far, I do not think we have worked together, to
22 be honest with you, and I am not sure that we ever will
23 on this committee. It is disturbing to me, because this
24 is the most important committee, especially on taxation
25 and economics, than any committee of the Congress of the

1 United States.

2 I do get along well with Senator Wyden. We work
3 together well. We meet regularly together. He is always
4 open. He has always been straightforward about his
5 feelings. And I think I get along well with every other
6 member on this committee. But this should not be just a
7 Democrat and Republican committee and we have got to
8 start working together in order to make this committee
9 really reach its potential and live up to its potential
10 that it has lived up to in the past.

11 Now, we have one last person to call on tonight, and
12 that is Senator Nelson. And I bet you are glad I have
13 made these comments.

14 Senator Wyden. As Bill Nelson proceeds, thank you
15 for your courtesy, Mr. Chairman, for waiting for Senator
16 Nelson.

17 The Chairman. Senator Nelson, we will take you for
18 5 minutes, not 1 second beyond.

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1 OPENING STATEMENT OF HON. BILL NELSON, A U.S. SENATOR
2 FROM FLORIDA

3

4 Senator Nelson. Thank you, Mr. Chairman.

5 You appropriately introduced what I wanted to talk
6 about, Mr. Chairman. I want to talk about
7 bipartisanship.

8 The Chairman. Good.

9 Senator Nelson. It is the best way to ensure
10 outcomes for ordinary Americans and it is what the
11 American people want, and I definitely know that is what
12 the people in Florida want.

13 Is anyone proud of the way this process has been
14 going? I do not think so, where it is all done by one
15 party. And here we are working on a major tax bill, a
16 bill that will inevitably touch every single American in
17 some way, shape or form and, in some cases, in ways that
18 the drafters of the bill do not even know.

19 Yet, in completely rewriting the tax code, we have
20 not had any hearings or any time to seriously debate the
21 slew of policy changes that will affect people's everyday
22 lives.

23 Let me give you an example. We got word just the
24 other day that the Joint Committee on Taxation did not
25 know if the new pass-through deduction in the Chairman's

1 mark includes business income made in Puerto Rico.

2 By the way, the people in Puerto Rico are hurting
3 and the Chairman knows that, because he was the chairman
4 of the task force that both Senator Rubio and I had the
5 privilege of being a part of.

6 Well, it would seem to me kind of common sense that
7 we really ought to get an answer on that before we move
8 forward. And the point is this, that this is not the way
9 we ought to be operating. Everybody here knows it. We
10 should be working together to negotiate a truly
11 bipartisan tax plan instead of throwing this all together
12 on the fly.

13 This thing was introduced Friday and here it is
14 Monday. Well, I believe that we have a duty to serve the
15 American people to the best of our ability and I think on
16 a major tax rewrite, of which I was in the Congress the
17 last time in 1986 that we voted out a major tax rewrite,
18 we did not do it this way.

19 Working together in a bipartisan way is not a
20 radical idea. We have done it before. Now, how many
21 times have we come together to find common ground? Just
22 last year, we passed the Retirement Enhancement and
23 Savings Act. It came out of committee 26-zip, and it
24 started with you and Senator Wyden hashing out
25 differences to find a workable middle place, a consensus

1 place.

2 Then, as I said, do not forget the Puerto Rico task
3 force that you chaired or the identity theft-related tax
4 fraud bill. It took months of bipartisan talks before we
5 had a package that everyone could agree on.

6 I do not think it is too much to ask for this, a
7 total rewrite of the tax code to go this way.

8 So if you are going to cut me off in 30 seconds, I
9 will mention that this Senator has done, with Senator
10 Grassley, Senator Cornyn, Senator Thune, that I have the
11 privilege of sharing in the leadership in the Commerce
12 Committee, we have all done bipartisan bills together.

13 If you want a good example of bipartisanship, look
14 at how Senator Thune and I work together on the Commerce
15 Committee. I could mention Senator Burr, I could mention
16 Senator Isakson, all of which -- and I will put those
17 details into the record of where we have worked together
18 so the picture is clear.

19 We all want tax cuts for the middle class. We all
20 want to help small businesses. We all want to make the
21 tax code simpler, fairer and more competitive. And I am
22 hopeful that this markup is not just window dressing and
23 I hope that some of our amendments will be given serious
24 consideration.

25 Thank you, Mr. Chairman, for your kindness in

1 recognizing me so that I could give these remarks. I
2 would like to insert my full statement in the record.

3 The Chairman. Without objection.

4 [The prepared statement of Senator Nelson appears at
5 the end of the transcript.]

6 The Chairman. We are really happy you could make
7 it. We know you have had extra things on your plate for
8 quite a while here, and we are with you. As you know, I
9 have helped with Puerto Rico and with a lot of these
10 issues that are very serious issues that you have to deal
11 with on a daily basis that the rest of us may not have to
12 other than when it comes up to the full Senate. And I
13 appreciate the work that you are doing.

14 Let me just say this. I want to thank all my
15 colleagues on this committee. This is a good committee.
16 We have great people on here, very intelligent people.
17 But I have seen it move toward too much partisanship and
18 if it keeps going that way, I am the wrong guy to do that
19 to, because I can play that role very, very well.

20 My friend Ted Kennedy found that out and, boy, he
21 realized it was better to work together.

22 Senator Nelson. That is a great example, Mr.
23 Chairman, the role models that you and Senator Kennedy
24 set.

25 The Chairman. I think that was a good example. I

1 think that Ron Wyden and I set a pretty good example,
2 too. Ron has worked very closely with me on this
3 committee and I have appreciated it.

4 But I have noticed a little bit of -- not by Ron,
5 but a little bit of carping by, occasionally, people on
6 both sides. It really can be very irritating sometimes,
7 especially when we are trying to run a really good
8 committee and do it in a way that all of us feel like we
9 are heard.

10 We may not all get what we want, but at least if we
11 are heard and if we have a good opportunity to present
12 our cases, that is about all a major committee can do.

13 But this committee needs to do better work than it
14 has been doing, and I intend to see that it does. And I
15 hope it is bipartisan. But to be bipartisan, we have
16 both got to choke back some of the things that we think
17 are necessary partisan things.

18 I think we can do that, but I have not seen it so
19 far.

20 This has been a good hearing today and I really
21 appreciate those who have appeared before us and those
22 who have committed the time and effort to this.

23 We will just recess until tomorrow morning, starting
24 at 9 a.m., and I hope people will be here ready to work.
25 Let us hope we can get this work done so that we can move

1 ahead.

2 We are never going to agree on everything. We all
3 know that. We are two different parties. We have
4 different philosophies and different approaches. But we
5 can be civil and we can do things that hopefully are
6 open-minded enough to accommodate some of our colleagues'
7 ideas, as well, on both sides.

8 So with that, we will recess until tomorrow at 9
9 a.m.

10 [Whereupon, at 5:41 p.m., the committee was
11 recessed.]

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STATEMENT OF:

THE HONORABLE BILL NELSON
A United States Senator
from the State of Florida

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SENATOR BILL NELSON
TAX REFORM MARKUP OPENING STATEMENT
Monday, November 13, 2017

I want to talk about bipartisanship. It's the best way to ensure a good outcome for ordinary Americans—and it's what the American people want. I know that's what people in Florida want.

Is anyone proud of the way this process has been playing out?

Here we are, working on a major tax bill—a bill that will inevitably touch every single American in some way, shape, or form—and in some cases, in ways that even the drafters of the bill don't know.

We are completely rewriting our tax code. Yet, we haven't had any hearings on the bill. Or any time to seriously debate the slew of policy changes that will affect people's everyday lives.

For example, we got word the other day that the Joint Committee on Taxation didn't know if the new pass-through deduction in the Chairman's Mark includes business income made in Puerto Rico. To me, that would seem like an important point we probably should get an answer on before we move forward.

My point is: this isn't the way we ought to be operating. Everyone here knows it.

We should be working together to negotiate a truly bipartisan tax plan, instead of throwing this all together on the fly.

We have a duty to serve the American people to the best of our ability—and Mr. Chairman, I would suggest: we are better than this.

Working together in a bipartisan way is not a radical idea—at least, it shouldn't be. We've done it before.

Mr. Chairman, how many times have we come together to find common ground and get something good done for the American people? Just last year we passed the Retirement Enhancement and Savings Act out of Committee with a bipartisan vote of 26 to 0. It started with you and the Ranking Member hashing out differences to find a workable middle. Why can't we do that again?

And let's not forget the work we did in the Puerto Rico Task Force and on the identity theft-related tax fraud bill. It took months of bipartisan talks before we had a package that everyone could agree on—not just one party.

Is it too much to ask for this—a total rewrite of the tax code—to go through the same amount of rigor?

Senator Grassley, we worked together on the ACE Kids Act, which would create a national network of children's hospitals and other providers to better serve kids needing specialized care.

Senator Cornyn, we've worked together to increase accountability at the VA, to honor helicopter air ambulance crews that served in Vietnam, and to help citrus growers struggling to deal with a plant disease known as citrus greening.

Senator Thune, you and I have partnered on so many issues in the Commerce Committee it's hard to keep count. If anyone wants a good example of how we should be conducting ourselves, just look to how Senator Thune and I work together in the Commerce Committee.

Senator Burr, we partnered on a bill to help those affected by the water contamination at Camp Lejeune—not to mention the work we've done to stop the spread of the Zika virus. An issue I've also worked with Senator Cassidy on.

Senator Isakson, we worked together on several veterans' issues, including a bill to improve VA opioid treatment practices.

You all get the picture. I could go all the way down the line citing examples of times when each of us crossed the partisan divide to do the people's work. It doesn't happen as much as I'd like. But it is possible.

We all want tax cuts for the middle class. We all want to help local small businesses. We all want to make the tax code simpler, fairer, more competitive, and more efficient.

But we should have a more deliberative process than this. One that is inclusive, and brings members from both parties into the process.

I am hopeful that this markup isn't just for show and that some of our amendments will be given serious consideration. Because at the end of the day what we need is balance. That's the focus of my amendments. And that should be the focus of this Committee.

I appreciate the work the Chairman and his staff have put into this.

All I'm asking is to give bipartisanship a chance.