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## Hatch Opening Statement at Finance Committee Hearing on Individual Tax Reform

**WASHINGTON** – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing on ways to streamline the individual tax system to make it work better for American individuals and families.

*Welcome everyone to this morning's hearing, where we will discuss a major piece of the tax reform puzzle. Today we'll be talking about ideas, proposals, and considerations for reforming the individual tax system.*

*While we have had countless hearings on tax reform in recent years, today's hearing is the first in what I hope will be a series of hearings leading up to an intensive effort on this committee to draft and report comprehensive tax reform legislation.*

*We've talked about these issues a great deal. In fact, since I became the lead Republican on this committee in 2011, we've had more than 60 hearings where tax reform was a main focus of the discussion. I think we're capable and ready to get to work on producing a bill, and I look forward to working with my colleagues on this next, all-important stage of the process.*

*I'd like to make a couple points about that process for a moment, because there seems to be some confusion as to what the Finance Committee's role will be in tax reform.*

*I've heard a lot of talk about a secret tax reform bill or a comprehensive plan being written behind closed doors. Most of you have probably also heard about tax reform details that are set to be released later this month.*

*True enough, leaders in the House and Senate, including myself, as well as officials from the executive branch have been discussing various proposals. But, as we stated in our joint statement before the recess – and as I have stated on numerous occasions – the tax-writing committees will be tasked with writing the bill. The group – some have deemed us the Big Six – will not dictate the direction we take in this committee.*

*Any forthcoming documents may be viewed as guidance or potential signposts for drafting legislation. But, at the end of the day, my goal is to produce a bill that can get through this committee. That takes at least 14 votes, and hopefully we'll get more. Anyone with any experience with the Senate Finance Committee knows that we are not anyone's rubber stamp. If a bill – particularly on something as consequential as tax reform – is going to pass in this committee, the members of the committee will have to be involved in putting it together.*

*Therefore, I intend to work closely with my colleagues and let them express their preferences and concerns so that, when we are ready to mark up a tax reform bill, the mark will reflect the consensus views of the committee. That work, in many respects, has already begun.*

*I'll note that I have not limited these commitments to my Republican colleagues on the committee, which brings me to my second point.*

*From the outset, I have made clear that my preference is to move tax reform through this committee with bipartisan support. I have no desire to exclude my Democratic colleagues from this discussion, and I'm not determined to report anything by a party-line vote.*

*I'll note that the president and his team have publicly said the same thing this week.*

*If any of my Democratic colleagues are willing to come to the negotiating table in good faith and without any unreasonable preconditions, I welcome their advice and input.*

*So far, my colleagues have insisted that the majority agree to a series of process demands before any substantive bipartisan talks can take place. Effectively, they want to ensure that we make it easier for them to block the bill entirely before they'll talk about what they want to put in the bill.*

*That seems counterintuitive to me. And, in my view, it is unreasonable. Furthermore, I don't recall the other side ever offering such a concession when they were in the majority.*

*We should not let process concerns keep us from talking about the substance of a tax reform bill. My hope is that my colleagues on the other side will put these demands aside and let us begin searching for common ground on these important issues.*

*Those threshold matters aside, let me talk about today's hearing.*

*One argument that rears its ugly head in every tax reform debate is the claim that proponents of reform want to cut to taxes for the uber-rich and give additional tax breaks to greedy corporations.*

*We've heard that argument repeated in the current debate. While these claims are about as predictable as the sunrise, they are simply not true.*

*While I can't see into the hearts of every member of Congress, I truly don't know of a single Republican who, when thinking about tax reform, asks themselves what they can do to help rich people. That has never been our focus, and it is not our focus now.*

*Instead, we are focused squarely on helping the middle class, and recent proposals to reform the individual tax system reflect that.*

*For nearly a decade now, middle-class families and individuals have had to deal with a sluggish economy, sub-standard wage growth, and a growing detachment from labor markets.*

*Tax reform, if it's done right, can help address these problems and provide much-needed relief and opportunity for millions of middle-class families. That, once again, is our goal in tax reform – it is, in fact, a driving force behind our efforts.*

*Let's talk about a few specific proposals.*

*Under our tax code, individual taxpayers or married couples can opt to either take the standard deduction or itemize deductions to lower their tax burden. Currently, about two-thirds of all U.S. taxpayers opt to take the standard deduction. These are often low-to-middle income taxpayers.*

*One idea that has been central to a number of tax frameworks is a significant expansion of the standard deduction, which would reduce the tax burden for tens of millions of middle-class families and eliminate federal income tax liability for many low- to middle-income Americans.*

*I'll note that this is not only a Republican idea. In fact, a few years back, our Ranking Member introduced legislation that would have nearly tripled the standard deduction.*

*This is the very definition of middle-class tax relief, and it goes beyond direct tax and fiscal benefits.*

*With a significantly expanded standard deduction, the tax code would immediately become much simpler for the vast majority of middle class taxpayers. And that is no small matter.*

*Currently, American taxpayers – both individuals and businesses – spend about six billion hours and nearly a quarter of a trillion dollars a year complying with tax filing requirements. This, of course, is not surprising given that our tax code has grown exponentially into a three-million-word behemoth that is basically indecipherable for the average American.*

*That one change – expanding the standard deduction – would let millions of middle-class taxpayers avoid having to navigate the treacherous landscape of credits and deductions. Combined with other ideas, including a significant reduction in the number credits and deductions in the tax code and a radically simplified rate structure, this approach will save middle-class families both time and money.*

*I expect there to be some disagreements about what credits and deductions to keep and which to repeal in the name of tax simplicity, efficiency, and fairness. I expect we'll air some of those differences of opinion here today.*

*There are other tax reform proposals under discussion that will help the middle class.*

*For example, an increase and enhancement of the child tax credit would benefit middle- and lower-income families almost exclusively.*

*And, by reducing barriers and disincentives for savings and investment, we can expand long-term wealth and improve the quality of life for those in the middle class.*

*These are some of the central ideas being discussed to reform the individual tax system. And, in virtually every case, the primary beneficiaries of these proposals would be middle class taxpayers.*

*I know that there are Democrats who support these types of reforms. As I mentioned earlier, I hope we can recognize this common ground and find ways to collaborate in the broader tax reform effort.*

*I'll also note that the middle class has a significant stake in our efforts to reform the business tax system. But, that is a matter for another hearing.*

*Once again, this committee has a lot of work to do. There is not going to be a top-down directive that makes the hard decisions for us. I know we're up to the task and that most of us are game to participate in the process and help us reach a successful conclusion.*

*Before I turn to Senator Wyden, I want to say that I hope we can have a productive discussion of options to reform taxes for individuals, and not a debate on so-called "plans" based on outside analysts' conjectures and assumptions. It is all too common for ideological think tanks and partisan analysts to take short statements outlining broad principles on tax reform and then fill in the gaps with their own subjective assumptions about details just to parade out a list of horrors that they then use to tarnish the entire reform effort.*

*Let us discuss real ideas and proposals, keeping in mind that the Finance Committee will not be bound by any previous tax reform proposal or framework when we start putting out bill together.*

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