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## **Wyden Statement at Finance Committee Hearing on Individual Tax Reform**

### *As Prepared for Delivery*

It'd be great if what I'm hearing about the goals for individual tax reform actually lined up with the details of the plans that are reportedly in the works, but that just isn't the case. Not even close.

The president declared to the nation that his tax plan would not give any breaks to the wealthy. But the fact is, his one-page tax outline has a new, lunar crater sized loophole for the wealthy allowing them to abuse passthrough status. Passthrough status is supposed to be about helping small businesses, but the Trump plan turns it into a scheme for the wealthy to dodge paying their fair share. That's on top of abolishing the estate tax, which only touches one out of every 500 wealthy estates today. It's another outlandish giveaway to people at the top.

This morning the Finance Committee is going to spend a few hours spinning its wheels while the actual framework of the Republican tax plan is being written behind closed doors. That's not to say the issues that'll be discussed today are unimportant; nobody has invested more sweat equity in tax reform than I have.

But the proposal the committee ought to be evaluating this morning is coming together in secret, written by special interests and it's skipping right past any serious debate or amendment in this room.

And in the meantime, if all you did was listen to the talking points, it'd be easy to think the Republican plan would put a big focus on the burden of complexity the tax code heaps onto so many middle-class families. But the actual architecture of the plan in the works doesn't reduce complexity or focus on the middle class -- the Republican plan endows future generations of the mega-wealthy.

There is a blueprint for bipartisan, comprehensive tax reform that works. It's Reagan-style tax reform, and it's not what Republicans are working on today.

Reagan-style tax reform fights *complexity* by fighting *unfairness*. Thirty-one years ago, the reform bill President Reagan fought for and signed into law equalized the tax treatment of wages and wealth. That meant that the worker who punched a clock going in and out of every shift wasn't getting a raw deal compared to the fatcats and trust fund babies.

Reagan-style tax reform is also about clearing out the deadwood -- the provisions that do a whole lot more to please special interests and lobbyists than they do to create jobs or help families climb the economic ladder.

Those are propositions that I believe ought to get a lot of bipartisan interest again in 2017. That's because the tax code on the books today amounts to a tale of two systems. There's a strict set of rules for the cop and the nurse who are married and raising kids. Their taxes come right out of their paychecks -- no special tax dodges or schemes for them to exploit. Then there's another set of rules for the most fortunate. It says they can decide how much to pay and when to pay it.

That's the brand of unfairness that Reagan-style reform would go after. Tax reform in 2017 should be an opportunity to put money back into those cops' and nurses' paychecks, and to help those families save for retirement, pay for college and afford housing.

But the basic proposition that Republicans have on offer goes after middle-class tax benefits like the state and local deduction and incentives for homeownership and retirement savings. And it gores the middle class to finance unprecedented tax handouts for the biggest corporations and the most fortunate.

When it comes to state and local, this is fake tax reform. And it's not just a play at taking from blue states. There are middle class families across the country -- taxpayers in deep blue areas that went for Clinton and scarlet red areas that went for Trump -- that'll be taxed twice on the same income if state and local deduction is eliminated. The dreaded double taxation -- if you're opposed to it when it involves corporate income, you can't line up behind a plan to double tax middle class families twice on their hard-earned pay.

When it comes to simplification, it's easy to hold up a proposal to double the standard deduction as evidence that you want to make filing easier for a lot of people. But in the recent past I've called for tripling the standard deduction. So the Republican plan for the standard deduction would be a whole lot less generous in that regard.

The basic framework of this plan looks like what you'd put together if you think there are a lot of five car garages that really need expanding on the middle class' dime. And unfortunately, the administration and Republicans in Congress are committed to the partisan approach. Leader McConnell has said he wants another crack at reconciliation to jam this tax plan through the Senate, and he doesn't want input from Democrats.

So this morning, the committee is going to hear a lot about the complexity of our tax code, the burden on families, and the need to spark economic growth. I am all ears when it comes to ideas centered on those issues -- built on giving *everybody* a chance to get ahead the way Reagan-style tax reform did. But the Republican plan I see coming together right now doubles down on the rotten unfairness in our tax code. And that would make it a failure for the middle-class and people working to get there.

During today's hearing, I hope the committee is able to take a close look at the real causes of unfairness and complexity, and why going after middle-class tax breaks to fund a tax cut for the wealthy is the wrong approach to reform.

Thank you, Chairman Hatch.

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