



JOINT ECONOMIC COMMITTEE

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BENNETT SEEKS TAX SIMPLIFICATION

Emphasizes Effects of Tax Policy on Personal Saving and Economic Growth in Report “A History of Federal Taxes”

Washington, DC—The Joint Economic Committee (JEC) today released “Constant Change: A History of Federal Taxes,” the first in a series of reports on tax policy that will highlight the complexity of today’s tax code and the urgent need for its simplification. Today’s report identifies several specific eras in tax policy, and how we arrived at our current complicated tax system.

“The current tax code is extraordinarily complex and frequently at cross-purposes with itself,” said JEC Chairman Bob Bennett. “This report provides a historical perspective on the tax system in order to better understand it and identify ways to simplify it.”

The history of the income tax reveals several clear patterns in tax legislation. In recent decades, the Reagan tax cut of 1981 promoted two trends – lowering marginal tax rates and reducing the double taxation of saving – that have remained important tax policy. The Tax Reform Act of 1986 affirmed the importance of lower tax rates, but temporarily reversed the effort to alleviate the tax burden on saving. Since 1986, the tax treatment of saving has improved, but complexity and tax rates have generally increased along with the targeted use of the tax code as an instrument of social policy.

Future reports in the JEC Tax Policy series will further explore how Congress can approach tax code changes from a consistent framework that incorporates lessons learned from history.

The full report is available at <http://jec.senate.gov/studies/HistoryIncomeTax.pdf>.

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