JOINT ECONOMIC COMMITTEE
ROBERT F. BENNETT, CHAIRMAN

Bennett Urges Overhaul of the Tax Code

Washington, DC—Senator Bob Bennett (R-UT), Chairman of the Joint Economic Committee (JEC), held a hearing today on "Rethinking the Tax Code."

"The present tax system is unduly cumbersome, inefficient, and incomprehensible," said Chairman Bennett. "Over the years, through revision after revision, the tax code has become a confusing, burdensome web that hampers economic growth, places undue burdens on American enterprise, and needlessly complicates the lives of the American people."

In May of this year, seventy members of the Senate agreed that there are serious problems in our current tax code and passed legislation calling for the Joint Economic Committee to review ways to overhaul the antiquated system. Today's hearing was in response to that vote. It is part of a series of hearings, studies, and related events the JEC is undertaking to find the path to real tax reform.

The hearing was based on the premise that the tax system should be simple, fair, and efficient, and that the tax system should be solely a means for the government to raise revenue and not to promote or discourage specific behaviors. The tax system should also be enduring, because individuals and businesses cannot make intelligent plans if the tax system constantly changes.

Among the ideas discussed at the hearing was the implementation of a flat tax. Under a flat tax, all individuals who earn over a certain minimum amount would pay the same tax rate, and could use some deductions. This proposal would allow for greater simplicity and the ability of taxpayers to file their taxes on a form no larger than a postcard.

Another idea was to improve tax-preferred savings accounts such as IRAs and 401(k)s. Relieving restrictions on these accounts, for example, would give people greater incentives to save, leading to greater economic growth.

"Today's exercise was to imagine we are working with a clean sheet of paper," said Bennett. "If we are to institute a fair, simple, and efficient tax system we've got to scrap our current code. And from there, we can create from scratch a system that is simple, that is fair, and once we have accomplished that, a system that will endure for years to come."

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