

To: Ways & Means Committee Members
From: Chairman Dave Camp
Re: Our work on tax reform
Date: Monday, March 24, 2014

First, I want to thank all of you for your continued engagement in our tax reform effort. The Committee will continue its efforts to both educate Members and stakeholders on the draft as well as collect and analyze feedback from Members and taxpayers on the policy decisions contained in it. As we continue this work, I believe we are laying the critical foundation to make tax reform a reality.

Second, I want to provide you with an update on how I intend to have the Committee proceed with regard to tax policy over the coming weeks and months. Together, I intend for us to:

- Hold additional bipartisan meetings with the staff of JCT until we have walked through the entire draft;
- Hold public hearings on specific portions of the bill; and
- Begin advancing permanent legislation through the Committee that paves the way for tax reform by making incremental progress towards full reform.

These actions will overlap in order to best utilize the legislative calendar.

As you know, one of the underlying questions I posed when releasing the discussion draft was: What is the true baseline off of which we should be operating? That directly raises the question of how we treat “tax extenders” in tax reform.

In our hearing with Treasury Secretary Jack Lew, he admitted that the Administration does not believe it is bound by the current law revenue baseline. Secretary Lew explained how the President’s budget proposal assumes that, for example, certain EITC and AOTC provisions are a permanent part of the baseline off of which the Administration proposes changes. Since I posed this question with the release of the discussion draft, I have heard from many Members on this issue, all of whom recommend taking an approach similar to that of the Administration, i.e., that certain tax extenders should be considered, and treated, as permanent parts of the baseline off of which tax reform is enacted.

I have long believed that many expiring tax policies have broad bipartisan support and, sooner or later (usually later) get extended. For example, prior to heading the Committee, Sandy Levin and I sponsored the House bill to extend the research and experimentation credit – something that was made permanent in the discussion draft and has been an “extender” since the 1980s.

One important goal of tax reform is to provide certainty to American taxpayers. I think we can all agree that a short extension of tax policies is no way to legislate and

is even worse for the families and businesses who utilize those tax benefits. Moreover, it further confuses the debate as to what the real revenue baseline is. It is time for clarity in both policy and baseline.

As such, beginning in April, the Committee will continue its work by going policy by policy to determine which extenders should be made permanent. That process will include both hearings and mark-ups. Specific dates and topics will be forthcoming.

Again, thank you for your continued efforts to modernize and fix our outdated tax code, which is forcing families to deal with excessive complexity and is hurting our economy.