

Testimony of the Honorable Bill Archer

Subcommittee on Select Revenue Measures of the House Committee on Ways and Means

Wednesday, July 19, 2017

Mr. Chairman, Ranking Member Doggett and Members of the Subcommittee

It is a distinct honor to address Members of this Committee on which I served for 28 years, including six years as Chairman. Then, as now, the challenges were great but also were the opportunities. I personally believe that this Congress has a unique chance to alter the course of our country in a positive and momentous way. I pray that you will be allowed to rise to this occasion and complete the long delayed goal of simplifying and rationalizing our tax code.

The world has changed radically since my Congressional service ended in 2001. For Americans to compete in the world as both individuals and businesses is in many ways much more difficult – and certainly more challenging. Tax rates have risen and complication has increased – I am told that there have been over 15,000 changes to the Internal Revenue Code since the last attempt of comprehensive reform in 1986 – and that figure may be on out of date on the low side today.

I commend the efforts of this Committee and particularly Chairman, Kevin Brady, for taking the lead to advance the indisputable goal of simplifying the Code and helping to make the United States a leader in the world in terms of having a tax code that gives our country a competitive advantage in the marketplaces of the world. In my opinion, it is not enough achieve tax parity with the rest of the world – we need and should work towards having a clear competitive lead.

The Blueprint that was released last year as a starting point for this Committee's discussion of tax reform is a momentous document and a courageous one as well. This Blueprint was built in many respects on the actual bill introduced several years ago by former Chairman Dave Camp. The foundations have been laid for a debate that is long overdue. I know well the vagaries - and twists and turns - of the legislative process but I urge you to plow ahead to develop a comprehensive document that clearly will be the new starting point for this effort.

In my opinion, business only tax reform as some have promoted cannot address the fundamental problems of our Tax Code – and our economy's need for greater growth and employment. For that reason, I am encouraged by the topic of your hearing today. Central to successful tax reform is tackling both the individual and business sides of the tax ledger. One without the other will just postpone the reckoning day that has to come if we are to remain the economic powerhouse of the world.

I have often called myself the poster child for tax reform. As Chairman, I prepared my own tax returns because I believed that I had to experience the same process as every other taxpayer. I would lock myself in my office to struggle through the entire effort – using paper and pencil – not a computer program. It was a multi-day effort! I had one advantage that the ordinary taxpayer did not – when an issue arose that defied my abilities to understand, I could call both the Ways and Means staff and the

staff of the Joint Committee on Taxation to get help. I didn't do it often – but on several occasions it was critical to my preparation of an accurate return. When I retired from Congress and moved to the private sector, I found it impossible to do my return on my own any more. Not only did my federal return get more difficult but, since my employer tracked my hours by what state I was in, I also faced filing in multiple states – where I wasn't even a resident.

While I will probably never qualify to file using it, I would urge your efforts to move towards a tax system where the vast majority of Americans can file on a postcard or at least a short – and uncomplicated – form. I have seen the mockup of such a postcard as displayed by Chairman Brady and find it intriguing and encouraging. I do not discount the political effort needed to achieve this goal. It will be heavy lifting of an enormous magnitude. As I found out as a Member of this Committee, there is a support group for every provision in the Internal Revenue Code – it will take courage and fortitude to move in this direction but I personally believe that it will be endorsed enthusiastically by the American public.

Until very recently, one of the greatest impediments to significant tax change has been the overhang of constantly expiring tax provisions, which required almost annual legislation and whose cost would have to be incorporated into any major bill. I commend the Committee and the Congress for having so aggressively addressed this problem in 2015. It was clearly a master stroke to make tax reform possible. Inherent in this effort was the concept of permanence in the tax code. I urge you to make this a hallmark of any tax legislation. The American public needs to be able to plan and make their financial decisions in an environment where our tax code does not resemble a roller coaster of ups and downs – of provisions here one year and not the next. Please don't discount the importance of a stable and permanent code.

I have always described our tax code as an attractive nuisance – that is a term that the lawyers in this room will understand! It attracts anyone with a legislative agenda to try and reach their goals by legislating through the tax code. We need to return to the essential goal of any tax system – to raise those monies needed to fund our government's activities in a simple and understandable fashion that does not place huge administrative and time burdens on our citizenry. I believe that this is achievable in this Congress and I commend your efforts in that direction.

I appreciate this unique opportunity to return to this hallowed location where I spent so many years of my life. My appreciation to Chairman Roskam, Ranking Member Doggett and the members of this Subcommittee for this honor and privilege.