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In Case You Missed It: Rokita Op-Ed: Sweeping tax reform long overdue
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Rokita Op-Ed: Sweeping tax reform long overdue

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As I've traveled across Indiana and met with Hoosier employees, business executives and civic groups over the past two years, I've heard many stories about the complex, unfair nature of our federal tax code.

Because I represent a district that encompasses the full variety of Indiana's dynamic economy, I'm convening a series of conversations with stakeholders from around Indiana to hear their insights as I prepare to take part in the important conversation about tax reform in Washington.

Our first tax-reform listening session, hosted by Somerset CPAs in Indianapolis a few weeks ago, drew more than 50 Hoosier CPAs, business leaders and concerned citizens. The event featured a panel discussion with CPAs from Somerset, CliftonLarsonAllen and Dauby O'Connor & Zaleski. As I anticipated, it was highly instructive—which is why we hired a court stenographer to capture all the participants' good insights for future reference.

One of the recurring themes in our conversation was the need to change how Congress approaches the tax code. Rather than treating it as a tool for raising revenue, Congress has used the code over the decades to enact social policy, filling it with loopholes and exceptions, and causing it to balloon to more than 73,000 pages. The code has gotten so out of control that only a fundamental overhaul will suffice. That means eliminating nearly all deductions—with obvious

exceptions like the deduction for charitable donations—and simplifying the code for everyone.

A few CPAs who participated in the listening session recalled that the last time Congress attempted to “simplify” the tax code, decades ago, it actually resulted in more complexity. But we are determined to do things the right way this time.

In August, my House colleagues and I made a public commitment by voting on a bill outlining the tax reform provisions we intend to pass next year: moving from six income tax code brackets to two; reducing the corporate tax rate to 25 percent or less (compared to 35 percent currently); repealing the Alternative Minimum Tax; maintaining revenue of 18 percent to 19 percent of gross domestic product; and moving from a “worldwide” to a “territorial” system of taxation.

It will take a Herculean effort to change the culture, but a recent example suggests we can do it. When I came to Congress two years ago, I was warned that reforming entitlement programs was the “third rail” of politics—that it would be politically fatal if touched. But after I was fortunate to earn a seat on the Budget Committee, I worked with my friend, Chairman Paul Ryan, to embrace that third rail and tell the truth with unopposed facts, data and a moral argument about the real drivers of our debt.

Now, we’ve changed the conversation from whether we should reduce spending to how much and how quickly we can do it. It’s an indication of how far we’ve come as a culture that, two years after touching the rail, Paul was on a national ticket as the vice presidential nominee.

The conversation at the tax-reform listening session eventually came around to spending and debt, because these issues are connected. Our 73,000-page tax code and \$16 trillion debt are both symptoms of a government that has outgrown its proper limits. The only solution is an educated and informed citizenry, who in turn send me back to D.C. with marching orders.

With so much at stake, I’m looking forward to our next listening session, and I hope to see you there.

Rokita is a Republican representing U.S. House District 4. Send comments on this column to ibjedit@ibj.com.