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In Case You Missed It: Rokita Op-Ed: Complex, unfair tax code stands in way of recovery (*The Hill*)



Complex, unfair tax code stands in way of recovery

(Original [here](#))

By **Rep. Todd Rokita** (R-Ind.) - 09/28/12

When the Sixteenth Amendment to the Constitution was ratified in 1913, it established Congress' power to levy an income tax. That year, the federal tax code weighed in at a modest 400 pages.

Over time, that tax code has evolved into something that would be unrecognizable to those who first created it. Starting around World War II, the tax code began to grow exponentially, and today it stretches across more than 73,000 pages. This reflects a fundamental change in the way the federal government uses the tax code: from a simple mechanism for collecting revenue to fund the government, into a tool for incentivizing behavior. That's why it's full of carve-outs, loopholes, and exemptions that favor certain interests over others – and why it's more than 180 times longer than it was at its beginning.

Right now, folks in Indiana and across America are facing hardships as our economy continues to right itself. Family budgets have shrunk, wages have fallen, and providers are having a hard time putting food on the table. Complicating things even more, health care costs and gas prices

continue to rise and families face the ever increasing cost of college. With all of these pressures facing American families, a huge tax hike is looming at the end of this year, and an outdated and inefficient tax code is standing in the way of our job creators.

If we don't stop the tax hike, a typical family of four earning \$50,000 could be hit with a tax increase of nearly \$2,200, married senior citizens earning \$40,000 could pay nearly \$1,700 in higher taxes, and a single mom earning \$36,000 could see her tax liability nearly double.

In Indiana's 4th District, which I represent, it's been estimated that the average tax increase per tax return will be more than \$3,300.

At least 75 percent of small businesses pay their taxes as individuals and could be subject to pending income tax increases as well. In June, for the first time in nearly four years, small business owners said that taxes ranked above poor sales as the single most important problem they are facing today. If we allow the current rates to expire, more than 700,000 jobs will be destroyed, wages will fall even more than they already have, and nearly one million small businesses will be smacked with higher taxes.

Our economy is too fragile for the president and his allies in Congress to be engaging in this kind of class warfare. That's why I worked with my colleagues in the House to pass legislation that would stop everyone's taxes from going up at the end of this year. And it's why we've passed legislation to lay out a path for executive comprehensive tax reform next year.

Today's tax code is littered with special-interest loopholes that pick winners and losers. It leaves American companies stuck with an outdated tax system that makes them less competitive in the global marketplace. And it places a massive burden of paperwork on businesses and families. The tax code should be simpler, flatter and fairer. By lowering rates, cleaning out the code and reducing complexity through comprehensive tax reform, we can create a healthier, stronger economy with more jobs.

The legislation we passed in August established a "fast-track" process for passing tax reform that reflects the following principles:

- consolidating the number of tax brackets from 6 to not more than 2
- reducing the corporate tax rate from 35 percent to 25 percent or less
- repealing the Alternative Minimum Tax
- maintaining revenue of between 18% and 19% of GDP
- and moving from a "worldwide" to a "territorial" taxation system

The messy, 73,000-page tax code we have today is a result of misguided attempts by the federal government to mold and shape Americans' behavior, rather than allowing the free market to do what it does best. The government isn't particularly good at the business of income redistribution, but the free market is the best system ever devised for "spreading the wealth around."

The best thing the federal government can do to stimulate our economy is to get out of the way of the individuals and job creators who power our free enterprise system. By stopping the tax

hike and executing fundamental tax reform, we can remove a major obstacle to our economic recovery.

Rokita is a member of the House Budget Committee.