MITCH McCONNELL
KENTUCKY

United States Senate

OFFICE OF THE REPUBLICAN LEADER

July 22, 2013

The Honorable Max Baucus
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Orrin G. Hatch
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Baucus and Ranking Member Hatch:

Thank you for the opportunity to share our thoughts and suggestions as you continue your work on comprehensive tax reform legislation. Distortions in the current tax code are a serious impediment to growth and a major burden on American families and businesses. Economists from across the political spectrum agree that a simpler, fairer, pro-growth system would tax a broader base of income at a lower rate. We believe that by lowering rates and eliminating many of the distortions in the code, tax reform could greatly improve America's prospects for economic growth, which would in turn help create jobs, boost Americans' incomes, and improve our long-term fiscal outlook.

We are concerned by recent public statements suggesting that tax reform might be used as a vehicle for more tax revenue. Today's marginal tax rates on small businesses and investment income are already higher than those of the Clinton era, and, under current law, the overall tax burden is currently projected to exceed historic averages, endangering economic growth. The last time Congress comprehensively reformed the tax code, in 1986, there was bipartisan agreement at the outset that the exercise would be revenue neutral for the government. We believe that any agreement today should follow this principle, and that any new revenue should be generated solely from the pro-growth effects of tax reform.

Our nation faces long-term fiscal challenges due to the projected path of entitlement spending, not due to a lack of tax revenue. Tax reform should not be used as a pretense for increasing the net tax burden on American families and job creators, particularly in the absence of any serious effort to address long-term spending problems. If done correctly, comprehensive tax reform can ignite the nation's economic engine and lead to shared prosperity for all. We look forward to working with you to ensure that revenue-neutral tax reform is something that attracts broad, bipartisan support and provides the economic jolt that the American economy desperately needs.

Sincerely,

MITCH McCONNELL
REPUBLICAN LEADER

JOHN CORNYN
REPUBLICAN WHIP

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