

Congresswoman Lynn Jenkins
Congressman Joseph Crowley

Re: Fresh Start on Tax Reform

Dear Congresswoman Jenkins and Congressman Crowley:

I have been working in the tax field for over twenty five years and am dismayed by what I continually hear from Congress on the topic of tax reform. All this talk of foundational change is not necessary and will only throw uncertainty into a marketplace already reeling from too much government intervention.

Please, please consider this very simple approach as a first step in your plan to reform our tax code:

- 1. Lower the corporate tax rate to 25% immediately and announce a five year trend reduction to 20%.**
- 2. Eliminate ALL credits (personal and corporate), except for the foreign tax credit to prevent double taxation of foreign sourced income.**
- 3. Eliminate the IRC Section 199 deduction.**

That's it, tax problem solved! The benefits are as follows:

- Multinational corporations will flock to the US and with them will come jobs and federal and local tax revenue growth (5-year horizon)!
 - Corporate taxes historically represent only 11% of total federal tax receipts.
- Transfer pricing, Subpart F, IP migration, etc. will no longer be an issue. Companies will want their income taxed in the US!
- The Treasury Department can cut staff and budget by a minimum of 30%, as a large chunk of the most contentious provisions of the tax law are made obsolete!
- Welfare rolls and other government dependency programs will begin to see a reduction in enrollees and forecasted expenditures!

There are other things that can be done to fix our long-term economic outlook, but this very simple tax plan is a great first step! Remember, corporations do not pay taxes, the consumer of their products/services pay it and lowering their cost of doing business is a huge win for the consumer and will act as a huge stimulus to our domestic economy.

Oh, and don't cringe over eliminating ALL personal tax credits for the bottom 50% of taxpayers along with everybody else. The fact that this group only contributes 3% of total individual tax revenue is criminal, especially when you consider they are net takers from the Treasury once welfare program payouts are included. Seriously, do not cloud the tax debate with discussions about welfare programs or income redistribution schemes. Taxes are designed to collect revenue and that is it!

Very truly yours,

John L. Clausen
