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House Committee on Ways and Means

SPRING 2016 **RESOURCE KIT**

Prepared for:

Members of the House Republican Conference

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Letter from Chairman Brady

March 23, 2015

Dear Fellow Republican,

On behalf of our Republican Conference, members of the Ways and Means Committee are moving forward with an ambitious, pro-growth agenda. We are working to combat the slow economic growth, stagnant wages, and failing health care law that continue to hurt the American people. Our agenda includes:

- Replacing our broken tax code with a simpler, fairer, flatter tax code that's built for growth;
- Repealing and replacing Obamacare;
- Reforming our nation's welfare system to help low-income Americans escape poverty and earn their own success;
- Examining the proposed Trans-Pacific Partnership agreement to ensure it benefits the U.S. economy and creates jobs at home; and
- Strengthening Social Security and Medicare for the long-term.

I want to take a moment to thank you for working toward these goals on behalf of American families, workers, taxpayers, and job creators. Your efforts to create more jobs, increase paychecks, and expand opportunities have been invaluable. As you head home for the coming recess, this resource kit is designed to help you and your staff talk about what we are doing to advance a pro-growth agenda. You'll find summaries, messaging points, op-eds, and graphics you can share with folks back home. We're in a great place to make real change happen, and it's critical we communicate our hard work to our constituents.

Through ongoing communications, oversight efforts, hearings, and task force meetings, we'll be able to lay the foundation for commonsense policies that lower taxes, lift Americans out of poverty, create American jobs, and develop a health care system that puts patients first. On top of that, we're working to reform federal programs and to advance a trade agenda that encourages people to buy and sell American.

If you or your staff need any additional resources, please contact the Committee at 202-225-3625. Thank you again for your continued commitment to moving America forward.

Sincerely,

A handwritten signature in black ink that reads "Kevin Brady". The signature is stylized and includes a date "3/23/15" written at the end.

Kevin Brady
Chairman
Committee on Ways and Means

Overhauling America's Broken Tax Code

The world has changed dramatically since the last time Congress enacted comprehensive tax reform in 1986. While countries around the globe have adapted their tax systems to maximize their competitiveness in today's global economy, the United States has fallen behind.

To compete and succeed in today's global economy, America needs a new 21st Century tax code that is built for growth – the growth of families' paychecks, the growth of local businesses, and the growth of America's economy. Ways and Means is working to overhaul America's tax code from top to bottom based on the following principles:

- **Our tax code must be simpler, fairer, and flatter.** Today, individuals, families, and small businesses must grapple with a tax code that is impossible to understand – and that has to change.
- **Tax reform must lower rates for everybody.** In other words, tax reform must close loopholes; eliminate special rules; and limit the deductions, exclusions, and credits that riddle the tax code today.
- **Our tax system must be competitive,** including a fair and competitive tax rate, so that businesses large and small can grow.
- **Our tax code must not force American employers to shift jobs overseas.** We need a tax code that encourages businesses to locate their operations in the United States, creating jobs here at home and helping to grow our economy.
- **Our tax code must be built for economic growth.** Tax reform in the 21st Century shouldn't aim to place us in the middle of the pack, but in the lead of the pack.
- **A 21st Century tax system should not raise taxes to bail out Washington's spending problem.** Strategies to constrain spending must be accompanied by growth, and there is no better formula for growth than the right kind of tax reform.



Updating Customs and Trade Enforcement Laws, Strengthening U.S. Competitiveness

Expanding trade is a key part of our pro-growth agenda for America. That's why Congress crafted and passed, and the President signed into law in February, H.R. 644, the *Trade Facilitation and Trade Enforcement Act of 2015* (i.e. the Customs Bill). The bipartisan, bicameral legislation strengthens our economy by improving international trade policies and leveling the playing field for American businesses to compete and succeed in the global marketplace. The Customs Bill:

- **Facilitates the flow of legitimate trade** by reducing many of the regulatory burdens that often discourage businesses from trading overseas; streamlining quality assurance efforts at the Customs and Border Patrol; and establishing clear-cut reporting requirements for program accountability.
- **Prevents competitors from gaining an unfair advantage over American businesses** by better enforcing trade protections, including intellectual property protections and countervailing and antidumping measures. The legislation also combats currency manipulation and increases oversight efforts to identify bad actors without placing additional burdens on law-abiding business owners.
- **Strengthens America's negotiating position** by protecting domestic policy priorities regarding energy, immigration, and human trafficking. The legislation also provides Congress greater oversight of the Administration and increases the involvement of Congress during trade negotiations.
- **Promotes small business exports** by expanding state trade and improving state and federal export opportunities.

Status *On February 25, 2016, H.R. 644, the Trade Facilitation and Trade Enforcement Act of 2015, was signed into law. For more information, [click here](#).*

Reducing the National Debt and Ensuring Fiscal Responsibility

Almost every year, rather than reining in the national debt, Washington raises the debt limit – stifling our economic growth and burdening future generations.

Current law fails to make clear to the American people the consequences of this approach to managing our rising debt and does not hold government accountable for reducing the debt in the future. That's why Rep. Kenny Marchant (R-TX) introduced H.R. 3442, the *Debt Management and Fiscal Responsibility Act*. The legislation replaces our current approach to raising the debt limit with a framework that encourages, rather than discourages, fiscal responsibility. Specifically, the legislation:

- **Increases transparency** by requiring the Administration to appear before Congress prior to each potential debt limit increase and provide testimony and detailed reports on: the national debt and its key drivers; explicit short, medium, and long-term debt reduction proposals; and progress on debt reduction.
- **Emphasizes debt reduction** by establishing shared legislative-executive responsibility for a clearly defined debt reduction proposal in conjunction with any debt limit increase.
- **Holds the Administration accountable** by requiring the Department of Treasury to publish progress reports on the implementation of the debt-reduction proposal, as well as other materials to help the public understand the state of the national debt.

Status *On February 11, 2016, the House voted to pass H.R. 3442, the Debt Management and Fiscal Responsibility Act. For more information, [click here](#).*



Improving Government Efficiency and Accountability

Faced with a growing national debt, Americans are tired of Washington's "more money, more programs" approach to the budget process.

In an effort to improve the budget process, reduce the national debt, fight fraud, and eliminate duplicative spending, Ways and Means Committee members advanced three pieces of legislation that will make government more efficient and accountable. Known as the "savers package," the combined legislation saves taxpayers \$16.5 billion over two years and a total of \$98 billion over 10 years by:

- **Preventing abuse in the refundable Child Tax Credit by requiring a Social Security Number** ([H.R. 4722](#) – sponsored by Social Security Subcommittee Chairman Sam Johnson). Currently, the child tax credit requires only an Individual Taxpayer Identification Number (or ITIN) for taxpayers claiming the credit. In contrast, taxpayers claiming the earned income tax credit are required to provide a valid Social Security Number. This proposal would add a Social Security Number requirement with respect to the refundable portion of the child tax credit. This policy saves \$4.8 billion over two years.
- **Recovering improper Obamacare subsidy payments** ([H.R. 4723](#) – sponsored by Health Subcommittee Member Lynn Jenkins). This policy recovers improper Obamacare subsidy overpayments from taxpayers who underreported their incomes to the IRS. Under this proposal, all individuals who receive improper Obamacare exchange subsidies they are not entitled to will be required to repay the full amount of overpayments. This policy saves \$8.7 billion over two years.
- **Eliminating the duplicative Social Services Block Grant (SSBG)** ([H.R. 4724](#) – sponsored by Chairman Kevin Brady). SSBG is a \$1.7 billion per year no-strings-attached slush fund for states with no accountability. Ending this program saves \$3.0 billion over two years and continues efforts to focus limited taxpayers dollars on outcomes, not inputs, of welfare programs to ensure they are effectively helping low-income families.

Improving Government Efficiency and Accountability (continued)

Status On March 16, 2016, the Ways and Means Committee voted to pass H.R. 4722, H.R. 4723, and H.R. 4724. To learn more about the “savers package,” [click here](#).

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**THE WAYS AND MEANS
BUDGET SAVINGS PACKAGE
WILL SAVE**

**\$16.5
BILLION
OVER 2 YEARS**

**\$98
BILLION
OVER 10 YEARS**

The graphic features five one-dollar bills arranged in a staircase pattern, ascending from left to right. The bills are green and white, with the portrait of George Washington visible. The text is overlaid on a light gray background with a dark green horizontal band containing the main title. The URL 'WAYSANDMEANS.HOUSE.GOV' is at the top right. The savings figures are presented in a bold, black, sans-serif font.

Strengthening the Foster Care System for Children and Families

An outdated child placement system has not kept pace with the growing number of children in foster care, creating instability for thousands of children and families and putting a strain on child-welfare programs. Currently, states use a bureaucratic paper-based system to place children who are in foster care with relatives, other foster families, or adoptive families across state lines. This placement process takes 106 days and relies heavily on copying and mailing paperwork.

Rep. Todd Young (R-IN) and Rep. Danny Davis (D-IL) introduced the *Modernizing the Interstate Placement of Children in Foster Care Act* (H.R. 4472) to reduce the amount of time it takes to place children in a better environment across state lines. As passed by the House, the legislation:

- **Reduces the average placement process** from 106 days to 74 days by incentivizing states to implement the National Electronic Interstate Compact Enterprise (NEICE). The system increases efficiency and saves \$1.6 million per year in lower copying, mailing, and administrative costs.
- **Places children in a better environment sooner**, helping children gain access to education and other opportunities they need to succeed.
- **Provides support for states to more quickly transition to NEICE** using \$5 million in set aside funds from an existing discretionary account.

Status *On March 22, 2016, the House voted to pass the Modernizing the Interstate Placement of Children in Foster Care Act. For more information, [click here](#).*

Protecting Americans' Access to Retirement Advice

In April 2015, the Department of Labor (DOL) issued a proposed rule that would drastically alter how Americans plan for retirement. Known as the “fiduciary rule,” the Department of Labor’s regulatory proposal will impose new mandates and regulatory requirements on financial advisors. Additionally, the proposal could cause individuals to lose access to trusted financial advisors, raise the cost of receiving financial advice, and lead to fewer small businesses offering retirement plans to their employees. The DOL received roughly 386,000 individual comments on the proposal, many from small businesses or hardworking Americans saving for retirement.

In response to these concerns, Rep. Peter Roskam (R-IL) and Rep. Richard Neal (D-MA) introduced the *Strengthening Access to Valuable Education and Retirement Support (SAVERS) Act of 2015* to ensure all Americans receive better advice and more choices when saving for retirement. The proposals will raise investment advice standards for the retirement investment industry to ensure financial advisers act in the best interests of their clients, while also ensuring low- and middle-income Americans have access to quality, affordable financial advice to help plan for retirement. The *SAVERS Act*:

- **Raises the bar for the entire industry** by requiring advisers to serve in their clients’ best interests.
- **Ensures that workers and families saving for retirement** have access to quality, affordable financial advice.
- **Requires advisers to clearly communicate** key information so consumers can make the best possible decisions.
- **Roots out bad apples** by penalizing financial professionals who violate the trust of their clients.
- **Allows retirement savers to continue shopping** for financial products and services without encountering government-mandated obligations.

Status

On February 3, 2016, the Ways and Means Committee voted to pass H.R. 4294. For more information about the SAVERS Act of 2015, [click here](#).

SAVERS ACT OF 2015

THE SAVERS ACT OF 2015 (H.R.4294) ENSURES ALL AMERICANS RECEIVE BETTER ADVICE AND MORE CHOICES WHEN SAVING FOR RETIREMENT.

↑
Raises the bar for the entire industry by requiring advisers to serve in their clients' best interests

👨👩👧👦
Ensures that workers and families saving for retirement have access to quality, affordable financial advice to help them plan for retirement

✓
Requires advisers to clearly communicate key information so consumers can make the best possible decisions

⚠️
Roots out bad apples by penalizing financial professionals who violate the trust of their clients

🛒
Allows low- and middle-income families to continue shopping for financial products and services

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Improving Welfare for Low-Income Families, Employers, and Taxpayers

Reforming the nation's welfare system lies at the heart of our effort to help all Americans – regardless of their social or economic circumstances – earn their own success. That's why House Republicans are working through the Poverty, Opportunity, and Upward Mobility (POM) Task Force to advance bold solutions that will ensure our welfare system serves the best interests of low-income individuals, employers, and taxpayers. Ways and Means is working to advance reforms based on the following principles:

- **Expect work-capable adults** to work or prepare for work in exchange for receiving benefits. Work – especially full-time work – is the surest way to escape poverty. Many welfare programs provide benefits to alleviate immediate need, yet few provide low-income individuals the tools they need to succeed in the workforce and move up the economic ladder. Our welfare system should encourage work-capable welfare recipients to work or prepare for work in exchange for benefits and states should be held accountable for helping welfare recipients find jobs and stay employed.
- **Get incentives right so welfare recipients, taxpayers, employers, states, and nonprofits are all better off when someone moves from welfare to work.** Our nation's safety net should be designed to help those in need get back on their feet and care for themselves and their family. Unfortunately, under our current system, states and other service providers may lose money when someone leaves welfare for work, meaning they're better off failing than succeeding. And given the way our welfare system works now, it may not make financial sense for someone on welfare to work more because they can end up worse off in the end. Our welfare system should ensure everyone is better off when someone leaves welfare for work.
- **Focus on results of welfare programs. The federal government defines successful programs by increasing enrollment numbers and dollars spent.** Yet very few, if any, programs are assessed on whether they are making a difference in the lives of the low-income individuals we aim to serve. The success of our welfare system should be defined by whether or not these programs are delivering meaningful, lasting results that move people off of welfare and into the workforce for the long-term.

Improving Welfare for Low-Income Families,
Employers, and Taxpayers (continued)

- **Improve integrity to preserve welfare benefits for those most in need.** Ensuring our welfare programs are serving those individuals most in need is an important priority. Unfortunately, recent reports from independent government watchdogs reveal welfare benefits are often paid to individuals who are not eligible for the program, reducing resources for those who truly need access to these benefits and frustrating taxpayers who are expected to foot the bill. Our welfare system should encourage states and other providers to adopt technological and administrative processes across means-tested programs to better ensure taxpayer dollars are well spent and eligible welfare recipients are well served.



Preserving and Strengthening Medicare for Seniors Today and in the Future

Medicare is an essential program intended to provide seniors with access to quality health care options. While health care and technology have changed drastically over the past 50 years, the Medicare program remains largely the same.

Seniors today must navigate a disjointed and outdated system, face rising health care costs, and have fewer health care choices. Additionally, critical parts of the Medicare program are expected to run out of money by 2026. In other words, the benefits Americans were promised stand to disappear if policymakers don't act soon.

Harmful Obamacare policies have only exacerbated these problems:

- Obamacare's multi-billion dollar cuts and blunt policy changes to the Medicare Advantage program limit the quality, flexibility, cost, and choice of health care plans for nearly 32 percent of all Medicare beneficiaries.
- Obamacare's Independent Payment Advisory Board (IPAB) and Centers for Medicare & Medicare Innovation (CMMI) enable unelected, unaccountable Washington bureaucrats to dictate policies that limit access to health care and disrupt how health care providers serve patients.

The Ways and Means Committee is working to advance much-needed reforms that will preserve and strengthen Medicare for current and future generations, including by:

- **Repealing harmful policies enacted under Obamacare**, such as the benchmark cap – which discourages innovation and quality among Medicare Advantage plans and providers – and the unelected advisory councils – which make policy decisions without input from Congress or the American people
- **Simplifying Medicare into a single benefit plan** by combining Parts A and B. Streamlining hospital and physician coverage into one plan that includes catastrophic coverage, an out-of-pocket cap, a single deductible, and uniform coinsurance will lower costs, increase quality, and reduce the confusion and frustration existing beneficiaries feel when navigating the Medicare system. Reforming Medigap coverage will also help lower costs for seniors across the board.
- **Retargeting Medicare benefits to lower-income enrollees** so that the program can continue to serve those who are most in need of assistance without raising costs or compromising quality.
- **Cultivating competition through Premium Support** to improve transparency and accountability, encourage innovation, and drive down health care costs. Bolstering the Medicare Advantage program is an important part of ensuring a competitive health care system.

Protecting Social Security Benefits for All Workers

Hardworking Americans who have paid into Social Security expect to receive the benefits they've earned. However, some public employees are treated differently than all other workers when it comes time for benefit calculation. Under current law, two policies, the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO), arbitrarily reduce Social Security benefits for teachers, police officers, firefighters, and other public servants who also receive pension benefits. Not only is this one-size-fits-all approach to calculating benefits unfair, it also creates confusion and makes it difficult for workers to plan for retirement.

All Americans deserve the Social Security benefits they worked a lifetime to earn. That's why Ways and Means Committee Chairman Kevin Brady (R-TX), along with Rep. Richard Neal (D-MA), introduced the *Equal Treatment of Public Servants Act* (H.R. 711). The proposal repeals WEP and replaces it with a proportional approach to calculating benefits, treating all workers – public and private – the same.

This commonsense solution has been embraced by policymakers on both sides of the aisle – including most recently, President Obama, who incorporated a similar proposal in his Fiscal Year 2017 budget. Like H.R. 711, the President would replace WEP with a formula that accounts for a retiree's actual work history. This proposal would also extend a similar approach to replacing the Government Pension Offset (GPO).

The Ways and Means Committee will continue to move towards a solution that:

- **Repeals WEP and replaces it with a proportional formula** – one that takes into account all earnings and reflects how much of a person's earnings were subject to Social Security payroll taxes.
- **Provides relief for the beneficiaries who were affected by WEP** by increasing their monthly benefits to accurately reflect their lifetime earnings.
- **Requires Social Security to correctly adjust benefits** for those current retirees who should be subject to WEP.

For more information about the Committee's work to ensure America's teachers, first responders, and other public servants receive the Social Security benefits they are entitled to, [click here](#).

Providing Responsible Tax Relief for American Families, Workers, and Job Creators

Each December, families, workers, and job creators used to wait with uncertainty as Congress debated over which tax provisions to extend for another year and which ones to let expire. That's why Members on both sides of the aisle passed H.R. 2029, the *Protecting Americans from Tax Hikes Act of 2015* (PATH Act). Signed into law in December 2015, the bipartisan, bicameral legislation ends this ridiculous cycle of temporary extenders and provides the predictability, certainty, and clarity the American people deserve and need. The PATH Act:

- **Delivers certainty to American taxpayers** by making permanent a large number of previously temporary tax provisions. Because of this legislation, Americans will no longer have to worry each December if Congress will take action to extend these tax relief policies.
- **Prevents immediate tax increases on millions of Americans** by allowing State sales tax deductions; providing small business tax relief, including increased small business expensing; and offering incentives for innovation, including the research and development tax credit.
- **Grows our economy** by delivering permanent tax relief that makes it easier for employers to plan ahead, hire new workers, grow their businesses, and invest in their communities.
- **Lays the groundwork for comprehensive tax reform** by allowing Congress to focus on fixing our broken tax code – not debating temporary, end-of-the-year extensions. Americans deserve a simpler, fairer and flatter tax code that's built for growth, and this bill will help make that possible.
- **Prevents fraud and abuse** by strengthening the integrity and accountability of tax credit programs. This legislation is the first step to ensuring eligible individuals and business are receiving the appropriate amount of tax credits.
- **Reins in the IRS to protect taxpayers** by firing IRS employees who take politically motivated actions against taxpayers; requiring IRS employees to respect the taxpayer bill of rights; and prohibiting IRS employees from using personal e-mail accounts for official business.

Status *On December 18, 2015, H.R. 2029, the Protecting Americans from Tax Hikes Act of 2015, was into law. For more information about the PATH Act, [click here](#).*

Tax Reform Task Force

Mission Statement

Create jobs, grow the economy, and raise wages by reducing rates, removing special interest carve-outs, and making our broken tax code simpler and fairer.

Principles

- Make the tax code simpler, fairer, and flatter.
 - Reduce the number of pages in the tax code and reduce the length of tax returns and IRS instructions.
 - Ensure similar tax bills for taxpayers with similar incomes.
- Close loopholes, eliminate special-interest carve-outs, and limit the deductions, exclusions and credits that riddle the tax code today.
 - Reduce the number of pages in the tax code and reduce the length of tax returns and IRS instructions.
 - Ensure similar tax bills for taxpayers with similar incomes.
- Ensure businesses, both large and small, have a competitive tax system.
 - Provide a fair and competitive tax rate for job-creating businesses.
 - Facilitate the growth of employers, regardless of size or form.
- End the tax code's encouragement of the shift of jobs overseas.
 - Help American companies compete and win in the global economy.
 - Reduce the tax penalty for bringing overseas earnings home to invest in America.
- Remodel the tax code so it is built for economic growth.
 - Increase private sector employment, wages, and personal consumption.
 - Increase investment in business capital and gross domestic product.
- Do not allow the tax system to be used to bail out Washington's spending problem.
 - Do not increase the tax burden on any income group.
 - Rely on controlling Washington spending, rather than higher tax burdens, to reduce the national debt.

Policy Reforms

- *Lower tax rates for families, small businesses, and corporations.*
- *Eliminate special-interest carve-outs.*
- *Reduce complexity in the tax code.*
- *Reduce the double taxation of savings and investment.*
- *Reduce the tax bias against headquartering businesses and locating jobs in America.*

Tax Reform Task Force (continued)

Outcomes

- Greater investment and employment, increased economic activity, and a larger economy.
- A stable and predictable tax code under which families and employers are best able to plan for the future.
- Business decisions that are driven by economic potential, not by tax considerations.
- Reinvestment of the growth generated by tax reform into further pro-growth reforms.

THE U.S. TAX CODE SHOULD BE

SIMPLER

FLATTER

FAIRER

WAYSANDMEANS.HOUSE.GOV

Health Care Task Force

Mission Statement

To modernize American health care with patient-centered solutions that improve access, choice, and quality, lower costs, promote innovation, and strengthen the safety net for the most vulnerable.

Obamacare is proof that putting the government at the center of our health care system harms patients, families, providers, and businesses. This is why we need to replace Obamacare's obsolete, one-size-fits-all approach with innovative, market-based, patient-centered solutions.

Principles

- Empower every American with the ability to gain access to coverage that is affordable and portable.
- Provide Americans with more choices, not mandates, so they have the freedom to pick plans and providers that best fit their unique health care needs.
- Protect the quality of care for all patients – including those with pre-existing conditions.
- Promote innovation to improve competition, harness the power of new technologies, lower prices, and foster better cures and treatments for patients.
- Save Medicare and Medicaid to strengthen health care security for seniors and America's most vulnerable.

To that end, the Chairmen of the House Ways & Means Committee, Energy & Commerce Committee, Education & the Workforce Committee, and Budget Committee are focused on building consensus around specific health care policies that reflect these principles and will hold hearings to advance real patient-centered reforms, including:

- Innovations in employer-provided health care coverage
- Health tax expenditures
- Reforming broken insurance markets
- Increasing state flexibility and sustainability in the Medicaid program
- Saving and strengthening Medicare



Poverty, Opportunity, and Upward Mobility (POM) Task Force

Mission Statement

Strengthen America's social safety net to better help those in need; improve education and training so more can succeed in today's economy; help welfare recipients enter, reenter, and remain in the workforce; and empower everyone to live their own American Dream.

Goals

- Reduce poverty by helping people move from welfare to work
- Promote opportunity for every American to get ahead and stay ahead by removing government-imposed barriers to success
- Increase knowledge and skills of workers and job-seekers, so they are equipped to compete and succeed in a rapidly changing economy
- Support and protect healthy families and a vibrant civil society
- Secure and strengthen social safety net programs by making them financially healthy and sustainable
- Better prepare America's youth to be successful in school and the workplace
- Fight fraud that comes at the expense of the needy.

Policy Reforms

- *Ensure states, non-profits, employers, welfare recipients, and taxpayers all benefit when someone moves from welfare to work*
- *Increase flexibility to state and local governments to promote new ways to help those in need and foster seamless cooperation across assistance programs*
- *Expect able-bodied adults receiving welfare to work or to prepare for work in exchange for receiving benefits*
- *Increase long-term personal income security through improved retirement savings and access to affordable financial services*
- *Remove government-imposed barriers to success*
- *Make programs accountable by focusing on results, not inputs*
- *Reform job training support, career and technical education, and higher education so workers and job-seekers have the skills and the education they need to succeed*
- *Strengthen early childhood education and care by improving coordination between existing federal and state efforts and empowering families with a variety of choices*
- *Deliver the efficiency and effectiveness hardworking taxpayers deserve by attacking waste, fraud, and abuse*

ICYMI: [America needs a tax code for the 21st Century](#) **Rep. Kevin Brady (R-TX), Foxnews.com - Feb 24, 2016**

America needs a new 21st Century tax code that is built for growth – the growth of families' paychecks, the growth of local businesses, and the growth of our economy. Ways and Means Republicans believe we have a responsibility to work on this challenge now. That's why we're holding a hearing at our committee Wednesday about international tax reform – a critical component of our comprehensive plan to overhaul our tax system from top to bottom.

Since January, three major American companies have decided to move their headquarters, and many American jobs, overseas. To put this in perspective, in the two decades leading up to 2004, we averaged two "inversions" of substantial American businesses per year. In the decade through 2014, we averaged four per year. In 2015, there were six more. And if the pace so far this year continues, the three in January might become 30 by the end of the year.

When American workers are losing their jobs to people in other countries, Washington cannot afford to ignore this disturbing trend any longer. While Democratic Presidential candidates want to just blame U.S. corporations, the reality is that their strategy won't help protect American workers or save their jobs.

We must address the real root of the problem – our broken tax code that discourages investment and growth. Our hearing Wednesday will examine the driving forces behind inversions and foreign mergers and how we can develop policies that will prevent more American jobs from moving overseas. The policies we develop will also be designed to attract more foreign firms and jobs to locate to the U.S.

Our sky-high 35% corporate tax rate bears much of the blame. After all, when a company can move to Ireland and pay a 12.5% tax rate, it makes it harder to choose to stay in the United States and pay over three times as much.

We will also examine how other countries are taking actions with their tax systems that disproportionately burden American global businesses and ultimately, our workers.

The Organisation for Economic Co-operation and Development (OECD) in its Base Erosion and Profit Shifting (BEPS) project has advanced ideas that will make it harder for our companies to compete and grow. Worldwide American companies are rightly concerned that the BEPS project will result in higher foreign taxes, higher compliance costs, and double taxation. As countries around the world incorporate the BEPS ideas into their tax systems, many more companies could be forced to restructure their business operations and move U.S. activities, such as research and development, overseas.

The European Union state-aid investigations also threaten to impose retroactive taxes going back ten years on American businesses. We cannot allow American taxpayers to foot the bill for tax revenue grabs in Europe and elsewhere.

ICYMI: America needs a tax code for the 21st Century Continued

A direct result of these global developments is the loss of jobs for hardworking Americans. The loss of an American global business to a foreign merger or foreign takeover means many of its headquarters jobs will move to the foreign jurisdiction. Because these companies currently have American suppliers and other local businesses that support their operations, the negative impact will ripple throughout our economy. When business decisions are made in the new foreign headquarters, foreign vendors will replace many of these American small businesses.

This downward spiral will continue until we deliver pro-growth tax reform that includes changes to our international tax system. It's time to permanently lower America's tax gate so that the \$2 trillion in stranded U.S. profits can flow back into America to be invested in new jobs, research and growth.

To deliver the simpler, fairer and flatter tax system Americans deserve, members of our Committee will think fresh and bold. We will examine the whole range of tax ideas – consumption tax, reformed income tax, and any other approach that will be pro-growth. There is no perfect way to tax, but there are proven ways to grow investment – and that's what we will focus on.

Our hearing Wednesday is another step in our plan to bring our tax code into the 21st Century and protect American workers and their jobs. The American people want leadership on this issue – and the Ways and Means Committee will deliver it.

ICYMI: [Why we need international tax reform](#)

Rep. Adrian Smith (R-NE), Beatrice Daily Sun - Feb 29, 2016

One of the most beneficial steps we can take to grow our economy is to reform our broken, outdated tax code. International tax reform is an important part of this overhaul to make the United States a more competitive place to invest and create jobs.

At 39.1 percent, the U.S. has the highest corporate tax rate among OECD countries. The OECD, or the Organization for Economic Cooperation and Development, has recently been recommending tax measures which would disproportionately harm U.S. businesses and further erode our country's tax base. Additionally, the European Union is conducting state aid investigations which could impose 10 years' worth of retroactive taxes on American businesses.

These global developments compound the main problem: Our federal government is taxing U.S. employers more than other countries tax theirs. The U.S. is also the only major economy where businesses face double taxation, with profits taxed in both the country where they are earned and again when they are returned to be reinvested in domestic operations.

Many nations around the world have been actively reforming their international tax codes, resulting in more job creation and economic growth. This makes competing in an international marketplace more difficult for U.S. companies, both here and abroad. Through international tax reform, an estimated \$2 trillion in U.S. profits could be brought home.

When I talk with Nebraskans, many are curious about the potential benefits of international tax reform for our state. According to Business Roundtable, companies which operate internationally provide 40 percent of Nebraska's total private-sector employment. Incentivizing these employers to stay in the U.S. and invest their earnings into Nebraska communities is crucial.

On Tuesday, I spoke with seniors from Lawrence-Nelson High School. Among many topics, we discussed their dream jobs and the state of our economy. One way we can ensure young people have opportunities to find good jobs is through international tax reform – keeping companies headquartered here to provide employment for generations to come.

The House Ways and Means Committee held a hearing this week to examine the global tax environment and highlight the urgent need for reform. As Chairman Kevin Brady pointed out in his opening statement, "In the first two months of this year, we've already heard of three major American companies that have decided they must move overseas." With our jurisdiction over tax policy, the Committee is pushing for solutions to safeguard American jobs and profits.

International tax reform is only one component of our goal to overhaul the entire tax code. The Tax Foundation has reported Nebraska small business owners can face a tax rate as high as 47.9 percent when combining federal, state and local taxes. Tackling this problem will require broader reform, which I am optimistic we can accomplish under a new president. Right now, it is important to lay the groundwork and address any flawed policies we can.

Our burdensome tax code continues to hurt U.S. businesses and threaten American jobs. It also makes it easier to cheat than to comply. To keep our country competitive in the global economy, we must simplify the tax code for all American families and businesses.



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