

Member Proposals for Improvements to the U.S. Tax System

HEARING
BEFORE THE
SUBCOMMITTEE ON TAX POLICY
OF THE
COMMITTEE ON WAYS AND MEANS
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C O N T E N T S

[Advisory of May 12, 2016 announcing the hearing](#)

WITNESSES

Panel one

The Honorable Danny K. Davis

Member of Congress, Washington D.C.

The Honorable Lynn Jenkins

Member of Congress, Washington D.C.

The Honorable Sam Johnson

Member of Congress, Washington D.C.

The Honorable Peter J. Roskam

Member of Congress, Washington D.C.

Panel two

The Honorable Xavier Becerra

Member of Congress, Washington D.C.

The Honorable Vern Buchanan

Member of Congress, Washington D.C.

The Honorable Tom Rice

Member of Congress, Washington D.C.

The Honorable David Rouzer

Member of Congress, Washington D.C.

Panel three

The Honorable Robert J. Dold

Member of Congress, Washington D.C.

The Honorable Anna G. Eshoo

Member of Congress, Washington D.C.

The Honorable Patrick Meehan

Member of Congress, Washington D.C.

The Honorable Ted Poe

Member of Congress, Washington D.C.

Panel four

The Honorable Ken Buck

Member of Congress, Washington D.C.

The Honorable Matt Cartwright

Member of Congress, Washington D.C.

The Honorable Andy Harris

Member of Congress, Washington D.C.

Panel five

The Honorable Rob Bishop

Member of Congress, Washington D.C.

The Honorable Rodney Davis

Member of Congress, Washington D.C.

The Honorable Keith Ellison

Member of Congress, Washington D.C.

The Honorable Scott H. Peters

Member of Congress, Washington D.C.

The Honorable Dana Rohrabacher

Member of Congress, Washington D.C.

Panel six

The Honorable Dave Brat

Member of Congress, Washington D.C.

The Honorable Peter A. DeFazio

Member of Congress, Washington D.C.

The Honorable Scott DesJarlais

Member of Congress, Washington D.C.

The Honorable John Fleming

Member of Congress, Washington D.C.

The Honorable Randy Hultgren

Member of Congress, Washington D.C.

Panel seven

The Honorable Andy Barr

Member of Congress, Washington D.C.

The Honorable Kevin Cramer

Member of Congress, Washington D.C.

The Honorable Matt Salmon

Member of Congress, Washington D.C.

The Honorable Steve Scalise

Member of Congress, Washington D.C.

The Honorable Terri A. Sewell

Member of Congress, Washington D.C.

Panel eight

The Honorable Mike Coffman

Member of Congress, Washington D.C.

The Honorable Tom Emmer

Member of Congress, Washington D.C.

The Honorable Janice D. Schakowsky

Member of Congress, Washington D.C.

Panel nine

The Honorable Erik Paulsen

Member of Congress, Washington D.C.

Member Proposals for Improvements to the U.S. Tax System

U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in Room 1100, Longworth House Office Building, Hon. Charles W. Boustany, Jr. [Chairman of the Subcommittee] presiding.

*Chairman Boustany. The subcommittee will come to order. And welcome to the Ways and Means Subcommittee on Tax Policy Member Day Hearing on Tax Legislation.

Before I go forward with my statement, I want to, without objection, recognize our Ways and Means Committee chairman, Chairman Kevin Brady, for a statement.

Mr. Chairman, thank you for joining us on this important hearing.

*Chairman Brady. Well, thank you, Chairman Boustany, for holding this hearing, and for leadership of the newly-renamed and muscled-up Tax Policy Subcommittee.

I am glad to welcome so many of you here today to share your ideas and participate in this process. After all, it is been years since we have been able to hold a Member Day hearing on tax code improvements like this one.

As we all know too well, the annual chaotic process of extending temporary tax provisions was time consuming and, when extended retroactively, made no sense. Fortunately, with the permanent tax relief in the PATH Act, we were able to put to rest this decades-old problem. Now we are returning to a regular order process. We are deliberately and thoughtfully considering improvements to the tax code that will grow our economy and make our tax code fairer, flatter, and simpler.

Our hearing today is an important step, Chairman, in fulfilling our commitment to creating opportunities for legislators to be legislators when it comes to tax ideas. Today's hearing demonstrates we are serious about considering tax legislation through an open and transparent process. We are committed to introducing bills, considering them, and moving them to the floor. The fact that over 30 Members or more are sharing their ideas today is a testament to the new process, and to our return after so many years to a regular legislative order.

And our newly renamed and enlarged Tax Policy Subcommittee is a sign of our seriousness about good process for developing and enacting good tax policy. I look forward to listening to your bold, fresh ideas about the best way to fix America's broken tax code.

Again, I want to thank you, Chairman Boustany, for your strong and your thoughtful leadership of the subcommittee. I yield back.

*Chairman Boustany. Thank you, Mr. Chairman. We appreciate you being here. And thank you for your leadership of the full committee, and your commitment to getting tax reform done, and also to moving forward with these Member bills today, as we look at how we can improve our current tax code. So we thank you for your leadership.

Today the subcommittee will hold a hearing on Member proposals for improvements to U.S. tax system. We are honored to have a number of our esteemed colleagues join us today to present legislation that they have all invested a great deal of time and energy to develop. As Chairman Brady mentioned, it is encouraging that so many of our fellow Members of the House of Representatives have come here today to make a record of their priorities for making improvements to our current tax code.

Members of the subcommittee, followed by our full slate of Member witness panels, will have three minutes to discuss their current tax legislation priorities. Because of the numerous Member interest on this, we are going to stick very strictly to the three-minute rule on this. Keeping in mind that a large number of Members are testifying, I want the Members to be efficient with the testimony, and really focus on why these bills are important. What is the impact of these bills, and why should we be duly considering these bills?

I would also like to remind Members of their ability to submit written testimony in support of their legislation. Thank you again to all the witnesses for taking time from busy schedules to be with us today. And we look forward to hearing from committee members and other Member witnesses about these various proposals.

Before I recognize my fellow Subcommittee members, I would like to take a moment to highlight a few pieces of legislation that I see as addressing critical areas of need in our current tax system.

I would like to begin by talking about H.R. 4297, a bill I introduced that provides much-needed protections for U.S. companies adversely affected by the country-by-country reporting measures that were instigated by the OECD's BEPS Project. During our Tax Policy Subcommittee hearing on the BEPS Project in December, our witnesses impressed upon us the need for companies to be able to file country-by-country reports with the IRS for this year to ensure the confidentiality of the information that ultimately will be reported to foreign countries. They also shed light on the significant competitive risk to American companies of being required to provide master file reporting, as contemplated by the BEPS project.

We have expressed these concerns to Robert Stack, Deputy Assistant Secretary for International Tax Affairs, stressing the need for Treasury to act to protect American company

interests in the confidentiality of their tax return information. I welcome the comments from Treasury in recent weeks indicating that they recognize the need for the IRS to accept country-by-country reports for 2016. We will continue to monitor developments in this area to ensure American companies are protected.

H.R. 4297 also provides a statutory framework to protect American companies against countries that may abuse the master file reporting requirements, and fail to safeguard the confidentiality of taxpayer information. And it requires an annual report to Congress on reported abuses of these disclosures by foreign countries, to ensure that such proper -- improper treatment of American job creators is taken seriously.

Another important piece of legislation before this Committee this Congress is H.R. 2911, "Small Business Healthcare Relief Act," which I introduced last year, along with my friend Mr. Thompson of California. H.R. 2911 is bipartisan legislation that will restore flexibility, choice, and certainty to small employers and their workers who use Health Reimbursement Arrangements. This legislation is necessary in the wake of confusing Treasury guidance that has subjected many employers to significant tax penalties that may not exist today.

I would also like to briefly mention H.R. 3161, a bill I introduced last year that would permanently reform the tax treatment of timber.

And finally, I want to mention a bill by my good friend, Mr. Kelly of Pennsylvania. His bill, H.R. 3846, the "Historic Tax Credit Improvement Act," which I have co-sponsored. This bill would reform and enhance the rehabilitation of the historic tax credit. I applaud him for taking the lead on this issue.

*Chairman Boustany. And now I would like to yield to the distinguished ranking member, Mr. Neal, for the purposes of an opening statement.

*Mr. Neal. Thank you, Mr. Chairman, and thanks for calling this Member day hearing on tax reform proposals. This is the third Member day meeting that we have had on this precise topic. Today we will continue to hear from our colleagues on their tax proposals. The Ways and Means Committee has an important job to do and broad responsibilities.

We must take our jurisdictional reach seriously. And as you know, historically our committee has had jurisdiction over approximately a quarter of all legislation introduced in the House of Representatives. Of the bills referred to the Ways and Means Committee, more than half are tax bills.

We remain the gatekeepers of this House. As such, we must make sure that we scrutinize every piece of legislation put forward to ensure that only the best ideas move forward. Today it is an excellent opportunity to hear from our colleagues and to start the process of making sure that only the best ideas rise to the top.

Mr. Chairman, in your introductory remarks, you said that "Members have invested a great deal of time and energy to develop legislation that we can use to make our current tax code work

better for all Americans." I certainly am in complete agreement with you. Many Members of this Committee have thoughtful pieces of legislation that have languished in legislative purgatory due to committee inaction. It is time not only to have these thoughtful pieces of legislation granted a hearing, but to actually act upon them.

I have a wide and well-known interest in a series of credits that have been proposed before the committee. I, along with Speaker Ryan, in fact, have talked about the whole notion of what we might do to strengthen the earned income tax credit for childless workers. Everybody knows and has great regard for the EITC, but we also know that it reduces poverty. And for childless workers, they receive virtually no earned income tax credit. According to research, federal income tax and payroll taxes pushed 1.2 million childless workers into poverty, and another 5.8 million deeper into poverty. There is consensus about strengthening the earned income tax credit, and I would hope that we would act upon it.

I also have a broad belief in the whole notion of what we might do to give the economy a shot in the arm, investing in our community so that we can rebuild and grow economies at the same time. It is estimated that there were seven to nine million people who are working part-time that are desirous of full-time work. The new markets tax credit, the low-income housing tax credit, the historic tax credit, and an issue that I worked with Alan Krueger on a long time ago that was highly successful but left out of tax packages subsequently was the Build America Bonds campaign.

We all know the work that these credits can do in our community. New markets helped rebuild and build, in fact, a Holyoke Health Center. Holyoke is a stressed city in my constituency in desperate need of health care. This new center will go a long way in the fight to lower the high mortality rate. Build America Bonds is a true success story. The program was over-subscribed and every Member of Congress during that period of time that had an airport expansion, you could almost conclude that it was due to the Build America Bonds campaign.

Our infrastructure is crumbling, and we need to do something about it, and what we did last year is but a step in the right direction, and demonstrates how difficult it is in the modern Congress to accomplish anything that at one time we all broadly agreed upon.

Finally, retirement security. Ten thousand Baby Boomers are retiring every single day. Half the people that get up and go to work in the morning every day in America are not in a qualified retirement plan. My proposals on the auto IRA and the saver's credit address this very issue. Chairman Tiberi was formerly the chairman of this Subcommittee. He pointed out to me, along with the former chairman, Dave Camp, that they were down to one issue and they were still trying to work that through.

Social Security is a mandated savings program. I don't understand why we can't embrace the whole notion of mandated savings. The statistical data is very clear on that initiative, and the American people need a boost in savings and, in particular, retirement savings. So, the impending retirement crisis is in front of us. It is leveraged in some part by the tax code, and I hope that we can move forward on those proposals.

The legislation that we have talked about in large measure, these are not controversial. And there was a time, again, when this Committee was able to move those sorts of initiatives forward. We need to build some good will. I think Kevin Brady has done a good job of hearing what we have to say on this side of the aisle. But removing many of the barriers to greater savings is something that we all ought to see as a priority, and I hope that we will continue to embrace some initiatives that might grow the middle class. So thank you, Mr. Chairman.

*Chairman Boustany. I thank the gentleman.

Mr. Tiberi?

*Mr. Tiberi. Thank you, Mr. Chairman. I am going to touch on three bills and submit written testimony on some others.

H.R. 4770 would clarify rules relating to the Section 199 deduction for domestic manufacturing. For years the IRS has not been clear about the manner in which they implement the domestic manufacturing deduction for companies that use contract manufacturing arrangements. Last summer the IRS issued regulations that further punished these companies by allowing the contract -- only allowing the contract manufacturer to take the deduction and not the principal company who often owns all factors of production. The bill I introduced with Mr. Neal would allow either the principal company or the contract manufacturer to take the deduction based on each party's substantial contribution to the manufacturing process.

The goal of Congress passing the law to implement the Section 199 deduction in 2004 was to protect U.S. jobs and promote American manufacturing. Instead, the IRS regulations will do the opposite, and deter U.S. contract manufacturing. This bill will restore the job-creating incentive for companies to manufacture their products here in America.

The second bill, H.R. 3608, would -- right or wrong, has impacted over 750 businesses in the U.S., including my home state of Ohio for more than four years. The bipartisan bill simply clarifies that the tax on commercial air transportation, also called the ticket tax, does not apply to aircraft management services for general aviation flights that do not use tickets. The IRS can implement the tax laws, but it can't impose a new tax.

However, in 2012 the IRS's chief counsel released a memorandum stating that services provided in support of aviation are taxable as if the services are transportation itself. The IRS said that the ticket tax applies to businesses that supply pilots, mechanics, maintenance, and scheduling in navigation, and the other services needed for general aviation flights, but don't supply the aircraft along with those services.

For decades it has been clear, and Congress has specifically noted that commercial aviation is required to pay the ticket tax, while general aviation pays the fuel tax. However, the chief counsel of the IRS ignored this and seeks to impose a tax where Congress expressly chose not to apply one. My bill will restore congressional intent and right the wrong.

H.R. 5187, the R&D ASC Tax Credit, is a bill that I introduced with Congressman Larson, that will go a long way to encourage additional investment here, in the U.S. We introduced the Research and Experimentation Advances Competitiveness at Home, or REACH Act, just this week. The bill builds on the work done in the PATH Act at the end of the year that makes the R&D tax credit permanent, by increasing the R&D alternative simplify credit from 14 to 20 percent [sic]. As the rest of the world keeps improving their tax code to entice companies to locate there, this will do more to encourage companies to locate their R&D here in the U.S., and incentivize businesses to invest in the U.S., creating jobs and spurring innovation here at home.

Thank you, Mr. Chairman. I yield back my three seconds.

[Laughter.]

*Chairman Boustany. I thank the gentleman. He is quite amazing.

Mr. Thompson?

*Mr. Thompson. Thank you, Mr. Chairman, and thank you and Ranking Member Neal for putting on today's hearing. I think it is important that our committee have a forum to hear proposals from Members both on the committee and off the committee.

I want to use my time to discuss a couple of important issues, and I will submit written testimony on a couple of others.

As part of what -- the omnibus deal last year we made bipartisan progress when we extended the tax credits for wind and solar energy for five years. There were strong feelings on both sides, but we came together and we made a compromise, and we need to build on that foundation.

I introduced a bill to extend the renewable investment tax credit for five years. Representative Reed and I just introduced another bill to extend remaining parts of the ITC and hope that we can all come together again to get this done by the end of the year. This extension would help bring renewable energy to the point where it is cost-competitive with other sources of energy.

Another bipartisan bill that would level the playing field for renewable energy is the Master Limited Partnership Parity Act with cosponsors from both sides of the aisle in both the House and the Senate. MPLs are now available to fossil fuel projects, but not to renewable energy. This bill would bring needed parity.

The New Markets Tax Credit is also a bipartisan effort to stimulate investment and economic growth in low-income urban neighborhoods and rural communities. The new market tax credit investment totaled over \$5.7 billion in California, alone. I saw \$11.5 million in my district, and I know for a fact that it works. This investment creates real jobs in communities that wouldn't otherwise have access to capital.

Last year I worked with the Treasury Department to make it easier for BRAC sites such as one in my district, Merritt Island, that was closed, to more easily qualify for the new market tax credit investment. Expanding the new market tax credit creates jobs and economic growth in low-income communities, and that is a bipartisan goal.

I have used my time to talk about bills and issues, but the point that I really want to make is that the committee and this Congress should be focusing its intention on legislation that helps all of our constituents back home.

The Chairman mentioned our HRA bill that we have been working on helps constituents, helps constituents and makes the promise of access to quality, affordable health care for people very real. So I hope we can work together and get some of these done. And thank you for the time.

*Chairman Boustany. I thank the gentleman.

Mr. Reed?

*Mr. Reed. Well, thank you, Mr. Chairman, and thank you for holding this hearing and getting our input. And I know there has been a slew of bills that we have brought to your attention and will continue to bring to your attention, but I wanted to highlight some of the efforts, in particular.

As I care deeply about our job creators in America and our manufacturers, and especially small businesses that are the backbone of our American economy, I want to make sure that we are promoting policy, tax policy, that provides them with an opportunity they need to succeed.

One area that my colleague, Mr. Thompson, and I have just recently joined in, and he mentioned in his testimony, is the H.R. 5167, the Technologies for Energy Security Act. I think this is a common-sense proposal that should be taken into consideration as we go forward, making sure that our tax policy reflects a commitment to our energy sector that is not only a job creation component of our economy, but also brings national security concerns to light, as we deal with the issues around the world.

I would also be remiss if I did not specifically target some areas that we are working on in the tax code that -- to target relief for our vulnerable working families and vulnerable fellow citizens across the country. In particular, I would like to highlight to the chairman the bipartisan work we are doing on H.R. 2752. That is the work opportunity tax credit, trying to make that permanent as part of this discussion going forward, and well as H.R. 3110, our National Disaster Tax Relief Act of 2015. To me this sends a clear message to our fellow citizens that we want to stand with them and make sure that we are having a tax code that is in the best position not only to be fair, but to recognize the difficulties that many of our fellow citizens face on a day-to-day basis.

So I join with you, Chairman, to work together in order to fix our broken tax code, and these are but just a few of the examples that I would like to bring to your attention, as well as a slew of

bills that we have submitted to you, and will continue to advocate with you and the entire committee as we go forward with tax reform.

And with that, I yield back.

*Chairman Boustany. Thank you, Mr. Reed.

Mr. Doggett?

*Mr. Doggett. I am going to yield to Ms. Sanchez or Mr. Larson.

*Chairman Boustany. Okay.

Mr. Larson?

*Mr. Larson. Thank you, Mr. Chairman. And thank Ranking Member Neal and Chairman Brady for providing us the opportunity to have hearings like this.

Like Mr. Tiberi, I intend to talk about three bills and then provide written testimony on others, including the bill that he mentioned, which includes extending the R&D tax credits, which has been received with overwhelming popularity across the nation, and clearly in my district.

I have three bills that I would like to discuss. One of them this Committee has passed in the past. It is the Volunteer Responder Incentive and Protection Act, a bill that many in the committee -- many on this Committee support. Mr. Reichert and I have introduced the bill again. And, I think as everybody knows, especially when it comes to volunteer firefighters and EMT personnel, unfortunately, the IRS subjects them -- we believe unfairly -- to tax on incidentals that they receive.

And if the tax wasn't bad enough for volunteering your services and putting yourself in harm's way, it also creates an incredible administrative nightmare for a number of these small rural agencies that depend so much on our volunteer firefighters. Volunteer firefighters comprise -- and EMT -- more than 70 percent of the firefighters that we have across the nation. So I hope and -- that we can continue to work on this Act together.

The other bill that I would like to talk about is the Promise Zone Job Creation Act. This is a bill that I introduced, along with Chairman Rogers. Chairman Rogers, in fact -- and Mrs. Noem on our committee, as well -- have promise zones in their district. There are only a handful, but what Mr. Rogers has done is demonstrated what you can do on a volunteer basis with a promise zone, and expand and reach out to the rural poor, combining all segments of the society: the volunteer base and the academic base. He is not only fighting -- he is creating jobs, and he has done this -- and the idea is for rural and urban areas that are depressed to create job incentives through the code with this. So I hope that we can continue to work together on the committee with this.

And lastly, Mr. Chairman, in my 23 seconds left, we also have a bill that would -- we call the Philanthropic Enterprise Act and -- again, that I have introduced with Mr. Reichert. And this is a targeted bill that would make a technical fix in the tax code to ensure that companies that devote all of their profits to charity through a foundation -- in this case, in my home state, like Newman's Own, can continue, going forward. This is another bipartisan effort that I believe the committee should take up before the end of the year.

I associate myself with the remarks of Mr. Neal, and I thank Mr. Kelly and Mr. Renacci and Mr. Reichert, Mr. Tiberi, for working with us, and look forward to working with you, Mr. Chairman and Mrs. Noem, on other legislation that we have. Thank you so much.

*Chairman Boustany. Thank you, Mr. Larson.

Mr. Kelly?

*Mr. Kelly. I thank the Chairman and -- for giving us the time to actually talk about some of these things. There are several pieces, and most of us are actually on these together. H.R. 5002, the Steel Industry Preservation Act with Mike Doyle, we are in that together. We are in the Historic Tax Credit Improvement Act, which you highlighted; Preserving Access to Orphan Drugs Act with Mr. Neal; and then H.R. 1752, Health Care Sharing Ministries, with Danny Lipinski out of Illinois.

What I want to talk about, and what I think is really critical -- and this is in honor of Mother's Day and working parents -- I worked with three working moms, right here, Ms. Sanchez, Senator Ayotte, and also Senator Capito, to come up with something called the Working Families Relief Act. This is H.R. 4867. And we worked with Save the Children to have this come into legislation. And I think one of the things we were looking at is it has become so difficult for working families to actually provide child care.

So, here is what this Act does. H.R. 4867 expands the pre-tax deduction as part of the dependent care assistance program to \$10,500 a year for married couple and \$5,000 for single filers. This increase in the tax deduction closely matches the average annual cost of child care. And this pre-tax deduction is indexed to inflation.

The bill would also provide employers with a tax credit to help with the administrative costs of starting up such a program for their associates and it gives employers a \$1,000 tax credit for matching contributions of their associations. This is going to encourage more employers to offer this flexible spending account for all the folks they work with.

Now, here are a few facts to consider. Six out of ten families with children, both parents are working. And that percentage is even higher for single moms, where 7 out of 10 moms work outside the home to take care of their kids. Working moms are much less likely to be living in poverty than their counterparts that stay at home. The problem, however, is that child care costs have skyrocketed to over \$10,500 a year. Child care costs have grown almost eight times the rate of family incomes, according to most news reports.

And for example, in Pennsylvania a 2-parent household is spending 12 percent of their income on child care. And with the average cost of child care coming in at over \$10,500 a year, it is no wonder families are struggling so hard to make ends meet. This is impacting the ability for families to buy a home and pay off their student debt.

The American people feel too often that Washington is out of touch with economic realities our nation is facing, and it is time for us to get back home with the people that we represent, to actually feel what they are going through and then reacting to help them. So expanding the dependant care assistance program will help more working families participate in and afford quality child care without going broke.

Everyone in America benefits when our children have a strong start in life through quality child care. And any investment in the next generation of Americans is just, quite simply, a very good investment.

Therefore, it is my sincere hope that the committee will mark up this legislation in the near future for our children's family -- for our children and for our working families.

Mr. Chairman, I appreciate it. Ms. Sanchez, thank you so much. And Save the Children were absolutely incredible in helping out for us to get to this. So thank you so much. I yield back.

*Chairman Boustany. Thank you, Mr. Kelly.

Mr. Renacci?

*Mr. Renacci. Thank you, Mr. Chairman, for holding this hearing. I am grateful for many ideas that my colleagues have and will present today. Indeed, I am a proud cosponsor of many of these bills.

The premise, though, behind many of these bills is rooted in the fact that we have an outdated and anti-competitive tax system. Because of that, we continue to try and make changes. But it is really time for an overhaul. By not overhauling our tax system, the U.S. has fallen drastically behind. Over the last three decades, the average marginal corporate income tax rate among OECD countries has fallen from 48 percent to under 25 percent. In fact, since 2000, we are one of only three of 34 OECD countries that have not cut their corporate tax rate.

With the highest corporate tax rate in the industrialized world, it is no wonder U.S.-based businesses hold back on domestic investment and hiring plans, instead choosing to invest in other countries with what -- much more pro-growth tax regimes. Corporate income taxes are the most harmful tax to economic growth. That is likely why every OECD member besides the U.S. relies more heavily on consumption tax measures which raise revenue with less economic damage than the corporate income tax.

I am aware of arguments that -- critical of the move to drastically reduce the corporate tax rate saying we shouldn't join the race to the bottom. Other critics say that corporations shouldn't have

a lower tax rate than individuals. But framing this as a them-versus-us narrative completely ignores the incidence of corporate income tax.

It is so important to understand who bears the burden of a high corporate tax rate. I said it before, I will say it again. The burden of corporate tax rate does not ultimately fall on corporations, it is born by people, customers, workers, and investors. Americans are angry with Washington, they want big change. I agree that we need big change. That is why I started working with my colleagues about a plan I am preparing that will make our business tax system the most competitive in the world. We can't settle for a corporate tax rate that is the middle of the path.

This pro-growth plan will repeal the corporate income tax rate, replace it with a single-digit tax on business activities. This will provide a tax platform that fosters growth, encourages investment, and ensures a level playing field. My plan would also reform the individual tax system to ensure that low to middle-income households still see an increase in after-tax income, even taking an impact of a consumption tax, and as revenue growth on a dynamic basis.

These are big, bold ideas. While some may say that such a plan is too far outside the mainstream of politically viable, we are at the point where we need an overhaul, not an oil change. Old plans may not be well received by some special interest folks, but I feel compelled to show the people of Northeast Ohio my commitment to both overhauling our business tax code to keep it -- more companies' investment in jobs in America, and reforming our individual tax system to raise after-tax incomes across the board and reduce complexities. Your success should be up to you, not the tax code.

I look forward to continuing to meet with Members on both sides of the aisle about this plan, and I hope to roll out more details in the coming weeks. Thank you again, Mr. Chairman, for holding this hearing. I yield back.

*Chairman Boustany. Thank you, Mr. Renacci. Next we will go to Ms. Sanchez.

*Ms. Sanchez. Thank you, Mr. Chairman, for holding this hearing to allow Members to bring their unique perspectives on the tax reform debate.

While it's impossible for me to highlight everything that I think should be a priority, I am going to try to mention just a few key ideas. The first point that I want to reiterate is a point that I have made so many times that I feel like I am back to teaching a first-grade classroom, because I have to repeat myself, repeat myself, repeat myself. But tax reform needs to be comprehensive, and not piecemeal. And so I very much appreciate my colleague Mr. Renacci's comments on that particular point.

We can't fix the tax code for one group and leave others worse off. So my biggest fear in this process has always been a final package that would put American workers, the domestic businesses that employ them, on even more unequal footing in our tax code. So we have to be cognizant that we don't advantage one group at the peril of another.

It is not a secret that our federal tax code is woefully out of date. But how we get from here to there, I think, deserves a lot of thoughtful deliberation for us to really get into the nuts and bolts of it and roll up our sleeves.

The process is also going to require very thoughtful feedback from those who are going to be affected by the changes that we will eventually make to the code. And equally important is the fact that each day we don't keep moving forward on tax reform we continue to fall further and further behind other jurisdictions.

The federal tax code needs to be reformed in a way that is fair, that is simple, and that provides certainty. Our tax code reflects our priorities as a country, and creating an environment for good-paying jobs to flourish, while allowing families to save should be a top priority as we move forward in talking about tax reform.

Family responsibilities are often the greatest joy that people experience, but it is often one of the most stressful aspects of most people's lives. During my time on this committee I have been proud to work on legislation to help ease the burden of child and elder care costs in a bipartisan fashion. And for that I am grateful to my colleague, Mr. Kelly, for mentioning H.R. 4867, which deals with child dependant care. And it is my hope that the committee will keep these unique financial responsibilities in mind as we move forward on updating the code.

Beyond that, I just want to mention that working families are only able to meet their needs at home when they are able to earn a decent wage at work. In Southern California we are lucky to be the home to many domestic industries that pay the types of wages that allow working families to thrive and to move up on the economic ladder. Our manufacturing sector, in particular, has been one of the brightest spots as our economy recovered from the Great Recession. So fostering an environment for good-paying jobs to flourish in this country should be of paramount importance for the committee.

A competitive manufacturing sector allows American businesses to export their goods all over the world, and will help hasten our recovery. So, Mr. Chairman, again, I look forward to continuing to work with my colleagues to make sure that we get tax reform right, as we move forward.

And I want to thank you for the time, and I yield back.

*Chairman Boustany. Thank you, Ms. Sanchez. Next we will go to Mr. Holding.

*Mr. Holding. Thank you, Chairman Boustany. You know, last year we took a meaningful step towards tax reform by passing the PATH Act. And today we have an opportunity to build on the success of that legislation.

One meaningful provision made permanent last year was the IRA charitable rollover provision. In the current law, seniors can roll over up to \$100,000 from their IRA to an eligible charitable organization, tax free. However, as it currently stands, this provision excludes

contributions to donor-advised funds, even though these funds are considered to be qualified charitable organizations under the code.

I have introduced legislation, H.R. 4907, the Grow Philanthropy Act, to eliminate this unnecessary exclusion and treat all qualified charities equally under the rollover provisions.

Given their ease of use and ability to directly impact local communities, donor-advised funds have become one of the fastest-growing philanthropic vehicles, and in 2014 alone paid out more than \$12 billion in grants to charities. Donor-advised funds allow individuals, regardless of their means, to set up a fund and give to their preferred charities and pass these benefits on for years to come. By allowing our seniors to roll over contributions from their IRA to a donor-advised fund, we not only increase seniors' choice with regard to charitable donations, but also encourage increased donations for years to come.

The Grow Philanthropy Act is a simple and straightforward fix, and I encourage all my colleagues to join me in supporting this.

In addition to the IRA charitable rollover provision, the PATH Act also made the R&D credit permanent. But unfortunately, this credit excludes a very important sector of innovative researchers. Under current law, Mr. Chairman, if a company conducts all of their research in-house, they are able to use 100 percent of their eligible expenses. However, if they contract out their research to a clinical research organization, a practice which is extremely common in the life science industries. The sponsor of that research is only allowed to use 65 percent of their eligible expenses towards determining the credit, and the remaining 35 goes unused.

Additionally, the clinical research organization that has contracted to conduct the research is unable to claim the R&D credit. This is in stark contrast to other countries. Mr. Meehan and I have been working on a bill, H.R. 2481, the Domestic Research Enhancement Act, which would fix this problem, and I would also encourage my colleagues to support this bill.

Thank you, Chairman Boustany, for the opportunity to testify, and I yield back.

*Chairman Boustany. Thank you, Mr. Holding. Next we will go to Mr. Reichert.

*Mr. Reichert. Thank you, Chairman Boustany, for holding this important hearing. I want to talk about three bills rather quickly. Some have already been mentioned. Others have been mentioned that I will not talk about that I am supporting.

First is the S Corp Modernization Act, includes common-sense simplification proposals supported by Members of the House and Senate on both sides of the aisle. I would like to thank Mr. Kind, especially, for his work with me on this bill to encourage growth on Main Street by reforming and repealing unnecessary rules and limitations on S Corporations.

Specifically, one provision in the bill allows non-resident foreign individuals to be eligible beneficiaries of an electing small business trust. So I have heard from a seventh generation family who owned a company and the struggles it has faced, based on the nationalities of the

spouses of the family members, including family members who have had to sell their stock in the company because of current restrictions. With the number of burdens our business owners face, does it make sense to maintain yet another hurdle, simply based on who someone decides to marry?

I am also proud to partner with Ron on the Promotion and Expansion of the Private Employee Ownership Act that encouraged the creation of employee-owned businesses through S Corporation employee stock ownership, known as ESOPs, allowing more hard-working Americans to have a stake in their companies and hope for a secure future.

Additionally, Mr. Larson and I, as he has mentioned, have been working on legislation near and dear to my heart to support the work of philanthropic enterprises that seek to be successful businesses and sources of change in communities. One such example is a brewer out of Minnesota called Finnigans, and then, of course, Newman's Own, mentioned by Mr. Larson. These companies donate all of their profits in a quest to eliminate hunger. Our bill will encourage the creation of these types of businesses committed to donating all the profits to charity, and making a difference in our communities across this country.

So, in conclusion, Mr. Chairman, in Washington we know one or two things about beer and about brewing beer, spirits, and wine, the number of jobs these growing industries support, and I look forward to working with my colleagues on this Committee to update and reform our alcohol excise taxes.

I yield back.

*Chairman Boustany. Thank you, Mr. Reichert.

Mrs. Noem?

*Mrs. Noem. Thank you, Mr. Chairman, for holding the hearing. It is great that today we are opening up the committee for different ideas on how to improve and simplify the tax code, something -- that is a goal that we share with the American people.

I want to discuss several bills I am working on that I believe are common-sense improvements to the tax code. And some of those bills I am working on are -- have a lot of potential to fix some of the issues that we are dealing with in South Dakota. The first involves the Federal Government's trust responsibility to our native people.

Native Americans and Alaskans are exempt from the individual mandate under the Affordable Care Act because of its obligation of the Federal Government to provide for their health care. In the haste in which the law was written, tribal governments that primarily employ Native Americans and Alaska Natives are not exempt from the employer mandate, meaning tribes will be forced to offer coverage or pay a tax penalty for individuals whose care is already the responsibility of and paid for by the Federal Government.

To solve this problem, I have introduced H.R. 3080, the Tribal Employment and Jobs Protection Act, which would exempt tribal governments, businesses, and organizations from the employer mandate. Without action, tribes fear that they could be on the hook for millions of dollars of penalties under the mandate. This money will have to be diverted from other vital services in Indian Country.

I would also like to enter into the record a letter from the Rosebud Sioux Tribe in support of my bill, Mr. Chairman.

[No response.]

*Mrs. Noem. Mr. Chairman, I would like to enter that letter.

*Chairman Boustany. Without objection.

[The information follows: [The Honorable Kristi Noem](#)]

*Mrs. Noem. Thank you. I am pleased to have bipartisan support for this legislation, and the support of many of my colleagues on this Committee.

Second, I would like to talk about ways to improve the tax code to promote economic development in Indian Country. Many tribes seek to provide for their members through economic development. However, because of IRS rules, tribes are not eligible to be shareholders in S Corporations like other tax-exempt entities. This can take potential economic development opportunities off the table for communities that need them most. The tax code should not hinder tribes working to improve the quality of life for their members. For this reason I am working to fix this and I am looking forward to working with my colleagues on this issue.

Finally, I just wanted to mention updating the tax incentives for American alternative energy. I will again be introducing bipartisan legislation with my colleague from New Jersey, Mr. Pascrell, to extend and reform the biodiesel tax credit, and to ensure that it is properly focused on American production, similar to other energy and manufacturing provisions in the code.

So thank you again, Mr. Chairman, for holding this important hearing, and I yield back.

*Chairman Boustany. Thank you, Mrs. Noem. I should state also, without objection, all Members' opening statements, as well as their written statements will be made part of the record.

I want to thank all the subcommittee members for their participation in this hearing. And now we are going to move on to our panel, our first panel, which are members of the full committee, Mr. Johnson of Texas, Mr. Roskam of Illinois, Ms. Jenkins of Kansas, and Mr. Davis, also of Illinois. We appreciate you being here, and I look forward to your testimony.

Mr. Johnson, you may proceed.

STATEMENT OF THE HON. SAM JOHNSON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TEXAS

*Mr. Johnson. I appreciate you letting me testify in front of you today. I want to discuss my bill, which is H.R. 4381, the Service Member Retirement Improvement Act. By way of background, last year's defense authorization bill included significant retirement reforms. The reforms included a reduction in the military pension, but also included, for the first time ever, a match for service members' retirement contribution to the TSP. This is a 401(k) plan for federal workers and those in the military.

Unfortunately, as it turns out, these reforms may inadvertently harm those guard and reserve forces who happen to also participate in the retirement plan in their civilian jobs. A problem is that those guard and reserve forces who contribute the maximum possible in their civilian jobs can't then participate in the TSP. As a result, they don't get the TSP match to help make up for the reduction in their pensions. And why is that? Because the IRS caps the amount an individual can save for their retirement through work. Generally speaking, that is \$18,000 per year.

So, what my common-sense bill would do is simply allow these servicemen to contribute the maximum to both their civilian and military TSP. I would note that the IRS already allows state and local workers, as well as teachers, to contribute the maximum amount to both the government and civilian retirement plans. So if that is the case, why shouldn't our brave men and women in uniform be allowed to do the same?

Mr. Chairman, my bill is supported by over 10 major military and veterans groups. I would like to submit for the record a letter of support from some of those groups.

*Chairman Boustany. Without objection.

[The information follows: [The Honorable Same Johnson](#)]

*Mr. Johnson. As a member of this Committee who fought in two wars, I can tell you that those serving in our country deserve the best. And the bottom line is they should not be penalized when it comes to saving for retirement. Moreover, in our increasingly dangerous world we must ensure that our military can recruit and retain the best and the brightest. This bill would help ensure just that.

Thank you again for the opportunity to speak in support of the bill, Mr. Chairman, and I yield back.

*Chairman Boustany. Thank you, Mr. Johnson, and thank you for your service.

Mr. Roskam?

STATEMENT OF THE HON. PETER ROSKAM, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ILLINOIS

*Mr. Roskam. Thank you, Chairman Boustany and Ranking Member Neal. Sitting on this side, it is a good thing we have all got good self-images. Because without eye contacts, you get a little bit unsettled. But thank you very much, just for the chance to be before you today.

I am here to present quickly three bills, and then just plant the seed on one concept. The first bill is called the Legacy IRS Act, and it was an initiative, actually, of Congressman Cramer of North Dakota. And here is what he is trying to do. And I am involved in this, along with Mr. Blumenauer, Paulsen, and Tiberi on the committee.

Currently, you can donate your IRA to a charity, tax-free. And you can leave money in your will, tax-free. But if you move your IRA into a charitable life income plan, that is taxed. So middle-class retirees can't afford the tax hit because they need that money to live off of, and what we are trying to do then with this bill is simply eliminate the taxation of that move from an IRA to a charitable life income plan.

It is not controversial, I think it makes a lot of sense. It is not unlike Congressman Johnson's initiative a minute ago. That is the first bill.

The second bill is this, to stop taxing death and disability. And this has been introduced today, along with Congressman Kind of the committee. When a student passes away or becomes permanently disabled, their student loan debt is forgiven. That is great. The problem is there is a tax liability that is attached to that. That is not great. In fact, it is ridiculous, and it is absurd. And so, the bill would remove that tax liability. Again, very common sense, and it is consistent with the theme of removing that tax liability, or the underlying liability, itself.

Third bill, quickly, is called the Free File Act. It makes permanent the free file program, 75 cosponsors in the House. This is a good public-private partnership to allow people access to sophisticated tax software at no cost to themselves.

And then, finally, an idea -- and this is just seed planting at this point, but it is a bill that I am working on and will intend to move forward, and it is based out of a hearing that the Oversight Subcommittee had. And it is this concept. There are elements of the tax code that relate to enterprises that choose to do business with state sponsors of terror. It has to do with Section 901(j) of the Internal Revenue Code. There are some provisions in place that make it very uncomfortable to do business with state sponsors of terror. But we need to make it more uncomfortable to do business with state sponsors of terror.

You may have seen in the news Boeing Company is actively contemplating this exercise. That is, they are seriously thinking about selling planes, a fungible production, to the Iranians, when everybody admits that the Iranians are sponsors of terror. We need to do what we

can, I would argue, in the tax code and within our jurisdiction. So I will be, at some point, presenting that.

Thank you, and I yield back.

*Chairman Boustany. Thank you, Mr. Roskam.

Mrs. Jenkins?

STATEMENT OF THE HON. LYNN JENKINS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF KANSAS

*Ms. Jenkins. Chairman Boustany, Ranking Member Neal, thank you for holding this hearing. Distinguished members of the committee, thank you for affording me some of your time this morning.

One of the bills I would like to discuss this morning is H.R. 5193. It is the 529 Enable Account Improvement Act of 2016. As you recall, the President used his 2015 State of the Union Address to propose taxing 529 college savings distributions. In response, my colleague, Congressman Ron Kind, and I worked closely on legislation to protect 529 plans. And that became law at the end of last year.

So, H.R. 5193 builds upon this success and further improves 529 accounts in a variety of ways. First, it takes common-sense steps to encourage more employers to provide access to 529 Able plans by encouraging employer seed money and extending the current \$500 tax credit for small employer retirement plan start-up costs to small employers establishing new employee payroll deduction programs for 529 or Able accounts.

The legislation also removes barriers that discourage 529 account savings. I have heard from many families that do not set up these accounts because of the 10 percent penalty tax that occurs when someone makes a non-qualified distribution. This bill addresses these concerns by extending the current exception from the 10 percent penalty tax to transfers made directly from 529 accounts into IRAs, transfers made from 529 or Able accounts to charity, and withdrawals from 529 accounts to pay for student loans.

Finally, the legislation would repeal the unnecessary IRS interpretation of the investment direction limitation on these accounts, as well as allow tax-free rollovers from 529 accounts to Able accounts. I encourage my colleagues to support this legislation. As a mom with a daughter who is graduating from grad school on Saturday and a son in undergrad, I understand the importance and urgency here.

I would like to move on to another important bill, H.R. 4626, the Building Rail Access for Customers and the Economy Act, known as the BRACE Act. Across Kansas, small, privately-owned freight railroads move goods and raw materials for our constituents. Congressman Blumenauer and I introduced this bill to improve the private sector's

ability to maintain services by permanently extending the Section 45(g) short-line tax maintenance tax credit.

As of today, 260 rail customers with 880 locations and 47 states have joined saving our service, and are calling on Congress to pass the BRACE Act. I highly encourage my colleagues to support that legislation.

And finally, I would like to briefly mention H.R. 4672, which would restore and make permanent the suspension of the net income limit on percentage depletion for oil and natural gas produced from marginal properties. It is important relief, it is critical to preserving the production of oil and gas from America's smallest producers.

And with that I yield back. Thank you.

*Chairman Boustany. I thank you, Ms. Jenkins.

Mr. Davis?

STATEMENT OF THE HON. DANNY DAVIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

*Mr. Danny Davis of Illinois. Thank you for the opportunity to highlight a few of my priorities for improving our tax system.

First, the Julia Carson Responsible Fatherhood and Healthy Families Act would help close the gap in the earned income tax credit by expanding it to childless workers and non-custodial parents, the only group that the federal tax system taxes into poverty. The earned income tax credit is an amazing pro-work success story, and it currently excludes millions of low-income young men who face low and falling labor force participation. I am pleased that both Speaker Ryan and President Obama have supported this critical expansion to promote work and reduce poverty.

In addition, the Fatherhood Act would lower the age of the earned income tax credit eligibility to 18 for foster youth. Currently, the earned income tax credit disadvantages former foster youth who enter the workforce earlier, experience higher rates of poverty, attend college less often, and receive less, if any, financial support from parents than their peers. Lowering the age of the earned income tax credit eligibility for former foster youth promises to promote economic well-being, reduce poverty, and increase labor force participation for these vulnerable youth.

Secondly, my VITA Act would permanently authorize the community volunteer income tax assistance matching grant program that funds critical tax preparation, taxpayer outreach, and related financial services for tens of thousands of low-income families.

Finally, I ask that the subcommittee hold a hearing on the Adoption Tax Credit Refundability Act that I lead with Representatives Black, McDermott, Franks, Marino, Langevin, and

Bass. This bill would restore the refundable element of the credit, and help thousands of low-income families. Half of the youth adopted from foster care live in families at or below 200 percent of the federal poverty level who receive limited benefits from this credit. Our bill is supported by the 150 member organizations of the adoption tax credit working group, and the hearing would provide an excellent legislative history to prepare this bill for consideration next year.

I thank you for this opportunity and yield back the balance of my time.

*Chairman Boustany. Thank you, Mr. Davis. I want to thank all four of you for bringing these important tax proposals before the subcommittee. And they will be taken under consideration. Thank you so much.

We will call our next panel up: Mr. Buchanan, Mr. Rice, and Mr. Rouzer. This panel will also include Mr. Meehan. So it is Mr. Vern Buchanan, Tom Rice, Mr. Rouzer, and Mr. Meehan.

[Pause.]

*Chairman Boustany. Mr. Buchanan, you may proceed.

STATEMENT OF THE HON. VERN BUCHANAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

*Mr. Buchanan. Thank you, Mr. Chairman. I also want to thank the ranking member and the committee today. I have got four bills that will help grow the economic and create jobs.

My first bill is a pass-through bill that simply says small businesses shouldn't pay more than corporations, or big corporations. We need to lower the tax on corporations. There has been discussion about 35 to 25, 28 percent. I am supportive of that. But today the average business in Florida, a pass-through, is 43 percent. Big corporations are at 35. Many places in the country, state and federal, it is over 50 percent. My bill simply says lower those tax rates to the same -- nothing higher than corporate rates, going forward. That is my pass-through bill.

My second bill is a start-up bill. Simply, we have got more businesses that are closing than opening for the first time in our history, and I want to take the write-off for a start-up from \$5,000 to \$20,000, which would be 4 times what it is today. It would encourage more start-ups. It is a bipartisan bill. There are many businesses I have seen over the years starting in their garage, and you end up with an Apple computer. We need to encourage more start-ups, this bill will do that.

Also, I have got a retirement bill. I read the other day, 62 percent of Americans - I couldn't believe it when I read it. It is true, I guess, 62 percent of Americans don't have \$1,000 in the bank. The idea is to let small businesses work together to lower your administrative costs to put retirement plans in place. That is what that bill will do.

My last bill is a bill on -- a citrus bill. In Florida we have been impacted. Ninety-nine percent of the trees have a disease called citrus greening. In Texas it is 50 percent. And what my bill will do will allow investors to get the same write-offs, working with farmers, to get those deductions that they need. We need to be replacing these trees. When you think of Florida you think of orange juice, and we are completely at risk in that industry.

And again, I want to thank you and the panel for the opportunity today.

*Chairman Boustany. Thank you, Mr. Buchanan.

Mr. Rice, you may proceed.

STATEMENT OF THE HON. TOM RICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

*Mr. Rice. Thank you, Mr. Chairman. Chairman Boustany and Ranking Member Neal, thank you for hosting today's hearing to hear Members' tax proposals and priorities. I would like to discuss an issue that is of great importance to the Southeast: providing appropriate clarity for the nuclear production tax credit.

Eleven years ago Congress included the nuclear production tax credit within the Energy Policy Act of 2005. As the last domestic nuclear power reactor was built decades ago, Congress designed the nuclear PTC to encourage investment in advanced nuclear energy projects.

South Carolina and Georgia heard this call loud and clear. These states are building 4 new nuclear units, the first in 40 years, in America. As the cost of construction for advanced passive nuclear power facilities is understandably expensive, both public and private entities were required for the facilities' development. In each unit one of the partners is a not-for-profit entity owning approximately 50 percent, both in South Carolina and in Georgia.

According to the current Treasury Department guidance, the not-for-profit entities cannot efficiently utilize the credits, and therefore, cannot pass the savings on to their customers. As the guidance reads, the savings from the nuclear production tax credit will not be passed to ratepayers in South Carolina, Georgia, Florida, and Alabama who have helped shoulder the cost of the unit's construction.

Interestingly, the ratepayers for the for-profit companies get the credit, but the not-for-profits, like the municipalities and the states, don't get the credit. The Treasury's interpretation creates inequities among the project's stakeholders that must be corrected for the program to work, as Congress originally intended. Other energy technologies are able to efficiently use their credits with public-private partnerships. Nuclear energy should have the same consideration.

For the purpose of this hearing I will use an amendment I introduced last year. The amendment would allow all owners within an advanced nuclear public-private partnership to be eligible to efficiently capture the value of their allocated credits. The credit would be provided to private entities that own or assist the development of the project. The reallocation of the credit

will be passed on to the ratepayers of these public entities. The Joint Committee on Taxation has stated this clarification offers minimal cost, \$12 million -- not billion, \$12 million -- over 10 years.

In the last few months I have worked closely with Chairmen Brady and Boustany to share my continued interest in providing an appropriate fix for this oversight. I am grateful for the many hours the Ways and Means tax staff has dedicated to assisting me in finding a solution that works both for this body and the Senate. I will continue to work on this issue until we are able to pass these savings on to South Carolinians, Georgians, Floridians, and Alabamans.

Thank you again for your time.

*Chairman Boustany. Thank you, Mr. Rice.

Mr. Rouzer, you may proceed.

STATEMENT OF THE HON. DAVID ROUZER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NORTH CAROLINA

*Mr. Rouzer. Thank you, Mr. Chairman. I appreciate the opportunity to be here before the committee to discuss H.R. 5015, which is the Combat Injured Veterans Tax Fairness Act. At the outset I think it is important to note that there is a Senate companion of this bill that has been reported out of the Senate Finance Committee.

On background, in 1991 a federal district court case, *St. Clair versus United States*, determined that one-time lump sum disability severance payments received for injuries resulting from active service should be excluded from taxable income, similar to monthly disability payments. The only problem is that is not what has happened. Despite this court decision and the resulting regulatory guidance, taxes on combat-related disability severance payments have been withheld improperly for many years.

Now, veterans are typically not even aware that their benefits were improperly reduced. Most have surpassed the three-year period in which a taxpayer can file an amended tax return with the Internal Revenue Service and, therefore, are unable to recover the improperly-withheld compensation. And that is what this bill, this legislation, aims to fix.

The Combat Injured Veterans Tax Fairness Act of 2016 directs the Department of Defense to identify veterans who, since January 1991, when the Gulf War began, have been separated from armed service for combat-related injuries, and who have received a severance payment; identify instances of improper withholding; and determine how much the combat wounded veterans are owed.

Now, in terms of number of veterans this would affect, we are looking at approximately 14,000 from all 50 states, as well as the District of Columbia. The Joint Committee on Taxation has stated that the effect on receipts is less than 500,000 per year for Fiscal Year 2017 and 2018, as well as, in the aggregate, over the 2016 to 2026 budget window.

I want to thank the National Veterans Legal Services Program for identifying this problem. And Mr. Chairman and members of the committee, I urge us to move forward on this. I think this is good common-sense legislation that would be one more win, one more thing that we can do to help our veterans who are in need.

Thank you, Mr. Chairman, I yield back.

*Chairman Boustany. Thank you, Mr. Rouzer.

Mr. Meehan, you may proceed.

STATEMENT OF THE HON. PAT MEEHAN, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

*Mr. Meehan. I want to thank the Chairman, and the ranking member and the full subcommittee for this opportunity, and I am here to speak about three legislative priorities. These are going to create jobs, they are going to enhance the promotion of alternative energy and, most importantly, they are going to also help us promote better investment and health outcomes.

First I would like to urge support of H.R. 5172, which amends the tax code to extend the -- and phase out the energy tax credit for all Section 48 technologies. Congress acted in December 2015 to renew the phase-out -- renew and phase out the investment tax credit for investment and manufacturing of solar energy technologies, but it left out the rest of the advanced energy technologies in Section 48, which include fuel cells, CHP, micro-turbines, geo-thermal heat pumps, and small wind.

This was a drafting error. It has resulted in Congress inadvertently picking winners and losers, and the leadership in both chambers have acknowledged that fixing this oversight is a priority. My bill would extend the investment tax credit to all Section 48 technologies, and under a phase-out as soon as and as quickly as possible. We are just trying to give those other technologies the exact same treatment as we gave solar, and we are phasing out this credit at the end of 2021, just like we did with solar. It levels the playing field and prevents Congress from picking winners and losers.

I would like to talk about 2841, the Domestic Research Enhancement Act of 2015. It is a piece that I have worked on with my colleague, George Holding. It ensures the United States remains a leader in medical innovation, and encourages employment in the high-wage research sector. Specifically, the bill would modernize the R&D tax credit to recognize the important role that research plays in the development of innovative new medical products.

Currently, providers of what they call contract research services aren't eligible to receive any portion of the R&D tax credit. And also, when the sponsor of the research, generally a bio-pharma company, contracts with a clinical research organization, its eligible expenses for the credit are reduced from 100 percent to 65 percent. The remaining 35 percent just vanishes.

Our bill would expand the R&D tax credit to enable the CROs to be eligible for the 35 percent of the credit that currently disappears when the work is contracted out. And by enabling contract research organizations to capture a portion of the research and development tax credit, it is currently -- this legislation will promote better health outcomes and allow us to remain competitive, globally.

Lastly, I am pleased to have bipartisan support for Mr. Kelly, Mr. Larson, Mr. Neal, and Mr. Kind on H.R. 2179, the PARTNER Act. It deals with early-stage research by incentivizing investment in R&D-focused small business. America and our life sciences workers lead the world in medical research. They are at the tip of the spear in their efforts to find new treatments and cures. But right now the Internal Revenue does not permit high-tech research pass-through exemptions from the definition of "passive activity" under the passive loss tax rules.

The bipartisan bill permits an exemption for small businesses where more than half of its business is qualified research, and only those entities. The rules have the effect of blocking private investors from partnering with a merging pre-revenue high technology small businesses [sic]. Our bipartisan bill lowers that bar and gives the research a chance.

It is estimated that \$10.3 billion a year would be invested and create about 156,000 additional jobs. I appreciate the time and consideration for each of these bills, and I thank you, Mr. Chairman.

*Chairman Boustany. Thank you, Mr. Meehan, and I want to thank all four of you for your testimony and bringing these important tax propositions forward. And we look forward to examining them further.

And with that, you can -- we are done with you for now, and we will call up the next panel.

We have Mr. Dold, Mr. Poe, Ms. Eshoo, and Mr. Salmon.

[Pause.]

*Chairman Boustany. I thank our colleagues for joining us today.

Mr. Dold, you may proceed.

STATEMENT OF THE HON. BOB DOLD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

*Mr. Dold. Thank you, Mr. Chairman. I certainly appreciate the opportunity to highlight a couple of important bills that I believe are worthy of the committee's further consideration.

H.R. 4165 is the Mechanical Installation Incentive Act of 2015. It encourages facility and building owners to increase the use or maintenance of mechanical insulation by offering a 30

percent tax credit in the fiscal year in which the mechanical insulation was put in service, or the maintenance completed. This bill will increase energy efficiency, while also creating thousands of good-paying jobs. This tax credit will be available for five years, giving ample time to implement the necessary installation or maintenance.

My second piece of legislation, Mr. Chairman, is one that is near and dear, I think, to many of our hearts. As anybody that is talking to constituents lately, talks to students, one of the questions that comes out of their mouths is, "How am I going to be able to afford to pay for college," or, "How am I going to be able to afford the student loan debts that I have?"

H.R. 5191, the Help for Students and Parents Act, will make paying for college much more accessible to students. Over the last three decades, the average tuition for a four-year college has more than tripled, while the typical family income has barely budged. The result is that college seniors, as they prepare to graduate this spring, will have an average debt of about \$30,000.

Whenever I talk with these students and the parents that I hear from they are saying, "Paying for college is getting further and further out of reach." And we need to be able to do something if we want to enable them to be able to go to school or get another education, whether it be becoming a skilled welder, or whatever it may be. We want to make sure that they are actually getting the education they want.

My legislation proposes an important yet common-sense shift in the way that our country approaches student loan debt.

Under current law, if an employer pays an employee's student loan debt, the amount received by the employee is taxable income. The Help for Students and Parents Act would change this by excluding from the graduate's income the amount that an employer contributes towards the employee student's loan repayment, up to a cap of \$250.00, which stands in current law today.

The exclusion from income to the employee would greatly help with maximizing the dollars earned that go towards paying off one's student loans. To encourage employers to adopt this, the bill also provides a small tax credit to employers, based off the amount that they contribute to help with the employee's loan repayment.

The second part of the bill increases our focus on parents who want to save for their children's education. On this front, the bill provides an exclusion from family's income for employer contributions to 529 plans. And a small tax credit is given to the employer to encourage the employer's contributions towards college savings accounts that an employee sets up for their children.

This legislation will allow graduates to pay back their loans faster at a lower overall cost. Our bill aims to dramatically increase the uptake of employer-sponsored plans. For employers or employees, right now, they only participate about three percent of the time. And that becomes a -- much more of a problem as we look at what students want to do. They are not saving for retirement and, therefore, we want them to get into the process of actually saving. The faster they paid on their student loans, the faster they can start saving for their own retirement.

I recognize my time has expired, but I also want to commend Rodney Davis for his work on this particular issue. But I do believe this is an area that we can come together in a bipartisan way to really start tackling the student loan debt problem.

I thank you and yield back.

*Chairman Boustany. Thank you, Mr. Dold.

Mr. Salmon, you may proceed.

STATEMENT OF THE HON. MATT SALMON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ARIZONA

*Mr. Salmon. Thanks for holding this important hearing on tax legislation. As the committee knows well, tax policy affects just about every part of American life.

Of course we all want to ensure that the tax code is fair, it incentivizes beneficial behaviors that strengthen the nation and our economy. But we can always improve.

When I returned to Congress I noticed part of the current tax code that is actually punishing those who wish to protect their hearing when hunting in the outdoors and while target shooting. Today a Depression-era antiquated and, frankly, oppressive tax provision instituted under FDR is restricting the ability of law-abiding Americans to access basic hearing -- access basic hearing protection equipment for firearms.

In fact, not only is it part of the tax code, it is much more difficult for American sportsmen to protect their hearing while hunting, but it is also making it more difficult to purchase a suppressor -- essentially, a muffler. In fact, I believe the same gentleman that invented the muffler invented the suppressor -- than it is to buy an actual firearm -- that is kind of ridiculous -- such as an AR-15 or a semi-automatic shotgun. It doesn't make sense.

As one who suffers from hearing loss myself, due in large part to my many years as an avid sportsman, I can tell you it is an important issue that we don't make it harder for folks to protect their hearing.

As you may know, a suppressor is a common-sense piece of safety equipment which protects hearing of sportsmen and observers alike. While suppressors do not even come close to silencing the sound -- in fact, Hollywood myth, I think, sometimes guides our policy. If you actually particular in shooting with a suppressor, you will find that it significantly reduces the sound, but you still know that a shot has been fired.

Again, like I said, they don't even come close to silencing, they just reduce the sound to levels below just 140 decibels. And 140 decibels is comparable to a thunder clap, a rock concert, a jack hammer, or a jet engine at about 100 feet, and is the maximum level permitted in the workplace by OSHA.

By reducing the noise to more tolerable levels, we also reduce the disruptive effects that firearm noise has on wild game populations. In short, the use of suppressors makes things better and safer. In fact, Mr. Chairman, I think a lot of other nations are a little bit more progressive on this than we are. In fact, they require -- countries that have very strict firearms laws require that you hunt with suppressers because of noise safety.

And I am going to just wrap up, because I think it was included in the 1933 Act because a lot of the fish and game people felt that it would increase poaching. Well, 39 states have laws that allow hunting with suppressors, and there hasn't been a greater incidence of suppressors [sic]. And if using that logic makes a lot of sense, maybe we should make everybody go through the class three process with ATF when you buy a bow and arrow, because that makes no noise.

And so, I think it is a ludicrous policy. We have got close to 70 cosponsors, bipartisan, and I think it is an idea whose time has come. The industry is doing very, very well. What is wrong with protecting your hearing if you are an avid sportsman? I think it is a common sense.

*Chairman Boustany. Thank you, Mr. Salmon.

Mr. Poe, Judge Poe?

STATEMENT OF THE HON. TED POE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

*Mr. Poe. I want to thank the Chairman and the ranking member for allowing me to testify today. I am here to discuss H.R. 2883, the Master Limited Partnership Parity Act. This bill is a bipartisan bill. And I also want to thank Representative Thompson for being a coauthor of the bill, and Senator Coons and Senator Moran have the same bill over in the Senate.

The bill will go a long way to encourage energy development domestically in the United States. This Master Limited Partnership Act is a simple bill that expands the MLP tax structure to include all forms of renewable, domestically-produced energy.

Right now, MLPs are a successful tax structure that is used by many oil and gas companies. The structure has been very successful for U.S. companies such as Enterprise, which is based in Houston, Texas, and other companies. The structure has allowed these capital-hungry companies to track investments they need to grow, investments that may otherwise not have gotten without the structure.

So the bill would allow clean energy projects to utilize MLPs as a beneficial tax structure that taxes a project like a partnership, but that trades its interest like a corporate stock, a C Corp. This allows access to liquidity and equity markets, and prevents double taxation. For the last 30 years MLPs have given natural gas and coal industries access to private capital at lower cost. And so, this is not a subsidy or a tax credit, this is a corporate tax structure that treats all energy producers the same, and promotes domestic energy.

I also want to discuss another piece of legislation. It is based on a hearing that I had in the Terrorism Subcommittee last month. We found out that many individuals who work for 501(c)(3) organizations that funded Hamas now work for other U.S.-based organizations: American Muslims for Palestinians, or AMP. The Holy Land Foundation for Relief and Development, Kind Hearts for Charitable Humanitarian Development, and the Islamic Association for Palestine are all guilty of financing Hamas.

And what has happened, people who work for those organizations have moved to another organization that is a 501(c)(3). It is called AMP. And that organization is right now involved in trying to have -- boycott investment and sanctions movement against the country of Israel.

And so, workers associated with these organizations or implicated in terror finance are free to work wherever they want to in other charities. This bill, all it does is require charities to be more transparent and give information if any of these new people come to work for that organization, so that the public and the donors know, and the government knows that these people are just moving from charity to charity under -- I mean, under the guise of a 501(c)(3) organization, but are involved in supporting terrorist organizations.

Thank you, Mr. Chairman.

*Chairman Boustany. Thank you, Judge Poe.

Ms. Eshoo, you may proceed.

STATEMENT OF THE HON. ANNA ESHOO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

*Ms. Eshoo. Thank you, Chairman Boustany and Ranking Member Neal and Mr. Larson, all the members of the committee. I really appreciate your opening up the committee to have other Members that are not part of your committee to come in and share ideas with you. It is a very good idea, and I hope that what we bring forward will create some sparks and some benefits for our country.

I am here to talk to you about a bill that I have introduced. It is a bipartisan bill, H.R. 4696, the Helping Our Middle-Income Earners Act, the HOME Act. It really is a simple piece of legislation. It would allow homeowners who live in a community association who make up to \$115,000 in annual income to deduct up to \$5,000 in community association assessments from their federal tax liability.

Community associations, which include condominium associations, homeowner associations, and housing cooperatives have grown substantially in recent decades, and offer affordable housing opportunities for our mutual constituents in countless communities across our country. Today over 65 million Americans reside in 27 million housing units within a community association.

For example, in my Silicon Valley congressional district alone, 260,000 housing units are in a homeowner's association. We know that middle-class families are struggling to keep up with the rising cost of living. And the purpose of this legislation is to provide these homeowners with tax relief to help them stay ahead, financially.

The HOME Act also recognizes the community association assessments and fund infrastructure and services that would traditionally be provided by the homeowner's local municipality and paid for through their property taxes. These services include street and sidewalk maintenance, trash and snow removal, storm -- water management, amongst other services. Because these homeowners pay property taxes and community association assessments, they are effectively taxed twice for local service.

This problem was recently highlighted in articles on May 4th in the Washington Post and in the Chicago Tribune on my legislation.

So I again thank and commend the subcommittee for listening to the priorities of your colleagues who are not members of the committee. And I also hope that you will give this bill a fair consideration as you look to broad changes, or broader changes to our nation's tax code over the remainder of this Congress and continuing into the next one.

Thank you.

*Chairman Boustany. Thank you, Ms. Eshoo. I want to thank all four of our colleagues for bringing these important tax proposals forward, and we will certainly look at them. Thank you.

Well, next call up our -- one more panel of our colleagues: Mr. Buck, Mr. Harris, Mr. Meadows, and Mr. Cartwright.

STATEMENT OF THE HON. KEN BUCK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

*Mr. Buck. Thank you, Mr. Chairman, and thank you for holding this hearing and allowing us to give you some input in the committee.

Mr. Chairman, I want to thank you for the opportunity to speak on behalf of H.R. 4220, the Water and Agricultural Tax Reform Act. Throughout rural America, residents cite the rising cost of water as one of their greatest challenges. I see it happening in Colorado. When farmers can't afford water their crops lie withering in the fields, and the entire community suffers, from the farmer and his family to the towns and cities that rely on the agricultural industry for food and jobs.

The Water Act empowers rural America. It keeps water affordable, while allowing farmers to have a stake in the resources they use every day. The Act specifically reforms the IRS rules applying to mutual irrigation reservoir and water companies. These entities are member-owned farmer cooperatives. They maintain water storage and delivery systems in much of rural America. The cooperatives can qualify as tax-exempt entities, provided that 85 percent of their

income comes from member shareholders. These members include farmers, ranchers, and rural water users who purchase water from the cooperative.

It has become increasingly difficult for mutual irrigation reservoir and water associations to stay in business because of costly water infrastructure maintenance. Under current law, if one of these cooperatives receives more than 15 percent of its income from non-member sources such as recreational leases or crossing fees, it will lose its tax-exempt status. This forces rural water users to bear the burden of operations and maintenance costs in the form of high water assessments, just to maintain their tax exemption.

This common-sense legislation excludes certain revenue streams from the 85 percent member income test. By requiring the proceeds from the extra revenue to be used exclusively for the operations and maintenance of the water companies, we can assure that these funds are reinvested in rural water infrastructure. This will support local economies, promote more efficient use of water, and help agricultural workers across the country.

This legislation is supported by the American Farm Bureau Federation, the Family Farm Alliance and rural water associations in many states. I urge the committee to empower rural America by moving the Water and Agricultural Tax Reform Act forward.

Another important tax priority for me is H.R. 2903, the Craft Beverage Modernization and Tax Reform Act. This bill modernizes excise tax rates for brewers and importers. Colorado is home to hundreds of brewers, from local micro-breweries to major Colorado employers like MillerCoors and Anheuser-Busch. This bill has brought together brewers of all sizes, and the tax relief afforded under this bill will provide the capital necessary for these businesses to grow. Thank you.

*Chairman Boustany. Thank you, Mr. Buck.

Dr. Harris, you may proceed.

STATEMENT OF THE HON. ANDY HARRIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

*Mr. Harris. Thank you very much. What I am going to describe today is the H.R. 5308, the Asset Act, which is another pathway to a state tax reform.

You know, the bottom line is we pass the state tax repeals through the House, nothing happens to it. So we really should begin to think if we can't -- if we can never pass a state tax repeal, of some way to mitigate the effect of estate tax.

We all know what happens to a successful business or farmer or rancher, you know, they work hard, they accumulate things through their lifetime. The estate tax sits, and a lot of times

they have to dissolve the business or the entity. If not, it is a tremendous inefficient allocation of capital during the course of doing business, because you are spending your time figuring out how to avoid the estate tax.

So what this does, this bill, the Asset Act, permits individual taxpayers to opt in to a new system in which death would no longer be a taxable event. By taking the uncertainty of death out of the question of how and when assets should be liquidated, the Asset Act will contribute to economic growth and preserve the stability of these companies, which are frequently family-owned companies.

Small business owners, farmers, ranchers, and others don't have to live their life fearing the tax liability imposed under the existing state tax, and won't have to dismantle profitable companies, sell farms and ranches, over-purchase life insurance, and waste their money on lawyers and accountants with sheltering strategies while they're alive.

The key is that it gives the individual taxpayer the right to determine his or her destiny and to provide vital businesses and jobs at a time when we need them most.

Under our proposal, individuals would essentially pay -- have the ability to pay their estate taxes during -- pre-pay them during their earnings years, and the government would then, on their death, would forego traditional federal and estate tax and only collect capital gains taxes when those assets are sold at a time of the heir's choosing.

The taxpayer would have to opt into the approach by agreeing to pay an additional tax on his or her adjusted gross income every year while they are earning money and accumulating the estate for the life of the taxpayer. The bill has it as one percent of adjusted, but we want to make it revenue neutral so that, in the end, it is a revenue neutral bill. No tax will be levied against the estate of a taxpayer on their death. Again, only the capital gains will be paid when the heirs to the decedent decide to sell the assets in the estate.

The taxpayers would have to pay the fee for a minimum period of time. In the bill we have seven years but, again, it may need to be adjusted to make it revenue neutral. And the choice is irrevocable, once a taxpayer chooses this system.

So what it would mean is that you give the business owner a second, predictable way to deal with estate taxes. Again, forgoing the need to liquidate estates at the time of death and spending inordinate amounts of money -- and again, capital -- inefficient spending of -- allocation of capital during the business's productive life. Thank you very much.

*Chairman Boustany. Thank you, Dr. Harris.

Mr. Meadows, you may proceed.

STATEMENT OF THE MARK MEADOWS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NORTH CAROLINA

*Mr. Meadows. Thank you, Chairman Boustany and members of the subcommittee. It is refreshing to have this kind of open environment to discuss possible legislation, and so I want to applaud the subcommittee on your willingness to entertain this type of dialogue.

I want to encourage the subcommittee to endorse and support H.R. 210, which is the Student Worker Exemption Act. The genesis of this particular piece of legislation actually came from a chancellor of a university in my district as I was meeting with him. Not wanting to be political, he said, "there is one thing that would really help us out as it relates to the Affordable Care Act."

Knowing that the Affordable Care Act can conjure up all kinds of rhetoric on both sides of the aisle, he said that the particular provision in the Affordable Care Act that requires universities to cover their student workers under the employer mandate was having a chilling effect on the amount of hours that they could give people who were wanting to work their way through college. And indeed, what was happening is that if they work for more than 30 hours for 3 weeks -- so that would include summer time -- they were actually having to put forth the expense and cover them under the employer mandate when, indeed, the Affordable Care actually required those who are 25 years of age and younger to be covered under the parents plan or other types of insurance.

So this was essentially a double insurance plan that was defeating the purposes student workers on college campuses. We introduced that particular piece of legislation, we offer it here for your consideration.

I can tell you that it has been endorsed by a number of university associations that would normally not endorse a piece of legislation that comes from someone with conservative pedigrees, such as myself. And I say that it has had tremendous support by Democrats, those in higher institutions. I think it is something we can all get behind, and it is certainly a common-sense approach to addressing some of the unintended consequences of the Affordable Care Act, and I certainly offer it up for your consideration. Thank you so much.

*Chairman Boustany. Thank you, Mr. Meadows.

Mr. Cartwright, you may proceed.

STATEMENT OF THE HON. MATT CARTWRIGHT, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA

*Mr. Cartwright. Thank you, Chairman Boustany and all members of the subcommittee for holding this Members Day. I join Representative Meadows in thanking you for doing this, and encourage you to continue this sort of dialogue. I am here talking about H.R. 1100, the Military Spouse Job Continuity Act, which I introduced along with Representative Rob Wittman.

This bill represents a small tax credit that could have a big impact on American military families. Every year, over a million service members, receive change of station orders often requiring moves across state lines. Military spouses move along with them, and many times put

their careers on hold when relocating. H.R. 1100 simply seeks to alleviate that burden borne by military spouses who must re-license or re-certify in order to continue working in their chosen profession when they move with their service member spouse.

Specifically, the bill provides for a tax credit of \$500 for the renewal or transfer of an active duty service member spouse's professional license. It applies only to the administrative fees owed to state licensing boards or certificate granting institutions. Currently there is no federal program covering this.

The numbers speak to the need of this tax credit. Nearly 35 percent of military spouses in the labor force are in professions that do require licenses or certifications for employment. The top three occupations of military spouses all require licensing or certification. We are talking about teachers, child care workers, and registered nurses.

A military spouse's ability to continue in his or her own chosen profession impacts the military's ability to do business and retain its service members. Nearly 70 percent of married service members reported that their decision to re-enlist was largely or moderately affected by their spouse's career prospects.

This bill enjoys wide support from military organizations, including the National Military Family Association, the Military Officers Association of America, and the National Guard Association of the U.S. In fact, the Military Officers Association of America has included that in their voting score card for this Congress.

H.R. 1100 has strong bicameral and bipartisan support with 144 cosponsors in the House and 14 cosponsors in the Senate for Senate Bill 210, introduced by Senator Bob Casey from my state.

These men and women uproot their families and relocate in order to meet the needs of our national defense, and the government should be doing everything possible to make that transition seamless.

Thank you again, Mr. Chairman, and thank you, all the members of the subcommittee.

*Chairman Boustany. Thank you, Mr. Cartwright. Well, I want to thank all four of you, our colleagues, for bringing these very important tax proposals forward. We will look at them, and we thank you for your testimony today.

Let's call up our next panel: Mr. Rodney Davis, Mr. Scott Peters, Chairman Rob Bishop, Mr. Keith Ellison, and Mr. Dana Rohrabacher.

[Pause.]

*Chairman Boustany. Just take your time, Mr. Davis.

[Laughter.]

*Chairman Boustany. You may proceed with your testimony.

STATEMENT OF THE HON. RODNEY DAVIS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ILLINOIS

*Mr. Rodney Davis of Illinois. Sorry, we go the other way in Ag, I apologize. Not used to sitting on this end of the witness table.

Mr. Chairman, thank you for your time, and to the esteemed -- our esteemed colleagues on this committee. I appreciate the opportunity to talk about a very important issue: student loan debt.

And the average student graduates with nearly \$30,000 in debt, and Americans owe more than \$1.3 trillion in student loans. Student loan debt now represents the second-highest form of consumer debt, only behind mortgage debt. Not surprisingly, the student loan debt crisis has forced many recent college graduates to delay buying a home and saving for retirement.

And according to the Institute for College Access in Success in 2012, 1.3 million students graduated with student loan debt; 153,400 of those students have since defaulted on their loan, costing taxpayers \$4.5 billion in default liabilities. And that is just one recent graduating class.

Employers like PriceWaterhouse Coopers and others are looking at new ways to help solve the student loan crisis. But it is time Congress does its part. I propose legislation that would offer tax incentives to private businesses to help employees repay student loans, much in the same way it currently works when an employer provides tuition assistance.

The Federal Government already does this, and I know many congressional staffers take advantage of the student loan repayment assistance program here on the Hill. But as of now, assistance an employee receives from their employer counts toward their gross income, and only three percent of American employers in the private sector provide some sort of student loan repayment benefit.

We need the existing tax incentives employers receive for tuition assistance to be applied to student loan repayment, and not to be counted as gross income for employees. My bill, H.R. 3861, the Employer Participation and Student Loan Assistance Act, would do just that, helping companies recruit and retain young talent.

Although the cap of \$5,250 per year would remain the same, I believe this is a clean and simple fix that has a lot of support from both students and employers. And it is important to keep in mind the tangible benefits helping to reduce default rates would have on our economy.

Recently my colleague next to me, Scott Peters, who has a similar bill, and I agreed to work together on this issue to help reduce the burden of student loan debt. We look forward to continuing to work with our colleagues in Congress, educational institutions, the private sector, and, most importantly, students to push for common-sense solutions to the ever-growing problem of student loan debt.

And I want to end, Mr. Chairman, by reminding this panel that in one graduating class alone -- one graduating class, 153,400 former students have defaulted on their loans, leaving a potential \$4.5 billion hit to the federal taxpayers. We need to act.

*Chairman Boustany. Thank you, Mr. Davis.

Mr. Peters, you may proceed.

STATEMENT OF THE HON. SCOTT PETERS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

*Mr. Peters. Thank you, Mr. Chairman, Mr. Neal, for convening this hearing and for giving me the opportunity to discuss an innovative, bipartisan proposal that would reduce the burden of student loan debt. And I thank Mr. Davis for his acknowledgment. We are trying to see if we can't combine these ideas, because they are pretty similar, as you will hear.

Affordable higher education for hard-working Americans is central to future generations achieving the American Dream and to our nation's competitiveness. So we should be making it easier and more affordable for students to go to college, not keeping it financially out of reach for more and more families.

Substantial student loan debt not only is a burden for graduates, but it is diminishing purchasing power and severely limiting lifetime earnings. The Wall Street Journal reported that the average debt for a 2015 graduate was just over \$35,000. A study by DIMOS recently found the average student debt for a dual-headed household with bachelor's degrees leads to a lifetime loss of nearly \$208,000 in income, and student loans, as Mr. Davis said, recently surpassed credit card debt to become the second-biggest source of personal debt in the United States.

In our dynamic new economy, high-quality jobs now require far more formal education and mid-career learning than in the past, which can be expensive. Employers have an incentive to help their employees pay for education that adds value to their business.

My bill, the Bipartisan Student Loan Repayment Assistance Act, would give borrowers relief from their student loan debt burden through incentivizing employers to offer student loan repayment assistance. It encourages employer-employee matching programs to repay student loans, similar to a matching 401(k) plan and the student loan assistance we offer to staffers and the House of Representatives. Employer and employee student loan contributions made through a repayment agreement would not be taxed as income, and the contributions wouldn't be sent directly to the lender.

Students will be able to make investments that grow the economy, like buying a home, starting a family, and putting away money for retirement. Businesses will be able to attract and retain high-skilled employees and well-qualified graduates, and a more skilled workforce will allow America to compete better in the global economy.

Congress must embrace the opportunities to invest in our nation's future as we work to reduce America's student loan debt and unleash our economic growth.

I thank the committee for its consideration, look forward to working with you and my colleagues to move this policy forward, and certainly welcome any of your questions. Would yield back the balance of my time.

*Chairman Boustany. Thank you, Mr. Peters.

Chairman Bishop, I assure you I'm not going to ask any questions about Puerto Rico. You may proceed.

*Mr. Bishop. Yes, right, right, sure.

STATEMENT OF THE HON. ROB BISHOP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

*Mr. Bishop. Gentlemen, it is good to be here. I have a statement for the record, if indeed you have a record. We can introduce that later.

I have long been involved on the study group on Germany. I am past Chairman of it. And I remember one time I was over there talking with Senator Coats, who was then the ambassador to Germany, and we recognized that in western and southern Germany, where there is a great deal of interface with American military, positive attitude towards America was understandable.

In East Germany, where that contact was less, so their attitude was less. And we agreed at that time that one of the best things we could do for foreign policy was to get more interaction between people knowing about America, having that personally there. And one of the best ways of doing that was with foreign exchange students.

Look, when the Iraq War broke out, Chancellor Schroder decided to use that as part of his campaign attacking the United States. One of the members of his party that helped us the most was a gentleman in the Bundestag by the name of Hans-Ulrich Klose, who was always stating that in 1957 he spent a year as a foreign exchange student in Clinton, Iowa. Those kind of friendships that we develop through foreign exchange programs have an amazing amount of help in our foreign policy on the grass roots level.

In the 1960s a deduction was given to those who were hosting these students of \$50. The bill that I have, which is 4296, or something like that, would simply change that to 900, which is the rate of inflation since the 1960s. It hasn't happened since that time.

Anything we could do to encourage this kind of student interchange has a long-term impact on the foreign policy. You could do something in this Committee that would have a great impact on a committee that is not part of your jurisdiction. I have hosted these kids. So, actually, if you wanted to pass this and make it retroactive, that would be cool, I could live with that.

[Laughter.]

*Mr. Bishop. But it has an impact, and it is a positive impact, and it is one of the things that we could do to try and express the idea of getting people over here so they understand America and they can go back home and they can promote and be friends of America in the future. I think it is a small step that could have enormous impact later on.

Thanks.

*Chairman Boustany. Thank you, Chairman Bishop.

Mr. Ellison, you may proceed.

STATEMENT OF THE HON. KEITH ELLISON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MINNESOTA

*Mr. Ellison. Thank you, Mr. Chairman and Ranking Member and all the committee members.

Last week I met with a formerly homeless veteran with a service-connected injury who now is living in Fort Snelling, which is a old fort in Minnesota which is now home to veterans housing. And he said this to me. He said, "Congressman Ellison, you can't get clean on the street. You can't hold a job on the street. We need housing."

And, you know, I hear from young people every day who want to buy a home, but see most of their income disappear to cover rent. Crushing rent, college debt -- as already been mentioned -- make it difficult that they will ever be able to establish a downpayment to afford to buy a home. They may, but it may be a long time.

Yesterday nearly three dozen Realtors stopped by my office to urge me not to make any changes to the \$70 billion mortgage interest deduction. And these are my friends, and I appreciate them a lot. But as much as I want to see things the way my friends do in this -- in the Realtor community, I cannot ignore the pressing housing needs of Americans and the current problems that the current mortgage interest deduction causes.

The status quo means giving significant tax breaks to families that earn more than \$100,000 a year, while giving a little bit either in home ownership or rental housing to people with lesser income. That is why I introduced the Common Sense Housing Investment Act. This bill replaces the regressive and badly-targeted mortgage interest deduction with a 15 percent flat rate credit. The 15 percent credit my bill proposes would help more than 16 million current homeowners. And there are at least a third of these homeowners with a mortgage that don't even itemize their taxes.

Future homeowners will also benefit. They will know that a future tax benefit -- they will know what the future tax benefit would be. And by converting to a credit and lowering the cap on the amount of the mortgage interest from one million to 500,000, we raise \$200 billion in 10

years. With that money we can provide tens of millions of affordable new homes, and can fund the National Housing Trust Fund, move families off decades-long waiting list, expand the low-income housing tax credit, and Section 8, and upgrade our public housing.

Section -- I mean H.S. 1662 doesn't provide enough revenue to end our affordable housing crisis. My other bill, the Inclusive Prosperity Act, can kick in some additional funds. The Inclusive Prosperity Act enacts a wafer-thin tax on the sale of stocks, bonds, and derivatives. The revenue would support education, child care, and pollution cleanup and other investments. Financial transaction taxes are not a radical idea; 40 nations have or have had financial transactions tax. The financial transactions tax raises revenue for investment and curbs dangerous high-frequency trading.

The Common Sense Housing Investment Act and the Inclusive Prosperity Act are examples of better choices for working families in our future, and I urge the committee to support both. Thank you.

*Chairman Boustany. Thank you, Mr. Ellison.

Mr. Rohrabacher?

STATEMENT OF THE HON. DANA ROHRABACHER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

*Mr. Rohrabacher. Well, thank you very much, Mr. Chairman and Ranking Member and members of the committee. I appreciate this opportunity to bring H.R. 4577 to your attention. That is the Employee Ownership Act -- Expanding Employee Ownership Act of 2016, which I introduced with Rep. Collin Peterson as my cosponsor, as coauthor back in February 12th of this year.

This bill, I believe, is -- will be the most bipartisan-supported bill that ever has come to the floor of the House, if we permit it to come to the floor of the House for a vote. It is -- basically wants to expand the ownership of -- by employees of stock in the companies in which they work.

The proposal would be like ESOPs on steroids. This is where every time a company would give a distribution of stock to its employees -- it has to be a general distribution -- those employees, if they keep that stock for five years, do not have to pay income tax on the stock. So it is tax-free to them. If they hold it for 10 years, a -- you -- another provision kicks in where, after that 10-year period, a capital gains tax will begin to be eliminated, and that is phased in over a 10-year period. So after 20 years an employee will have capital gains -- no capital gains tax on the stock that he has been given, and no income tax, as well.

I believe that would -- what we are talking about would dramatically expand the employee ownership and -- of their own stock and their own companies, which would bring about more cooperation between management and labor, a much longer view of decisions by labor -- by the

management, knowing that the employees had to be taken into consideration because, after all, they are owners of the company, as well.

So I am -- I would ask that this be made -- would be brought to the floor, and I -- as I say, I think this reflects a bipartisan commitment of both Republicans and Democrats not just to empower big businessmen, but let the average person in this country start to benefit from capital ownership. And the reason we have such a large dichotomy now, and wealth ownership in our country, is that so many people don't own any capital. And it is capital that actually creates wealth. And so we have cut them off.

This would encourage that type of broad ownership, help working people, help our companies have stable employment with good employees. It is a win-win for everybody.

*Chairman Boustany. Thank you, Mr. Rohrabacher. I want to thank our colleagues for bringing these very important tax proposals forward, and we will take them all into consideration. We thank you.

Let's call up the next panel. Mr. Brat, Dr. Desjarlais, Mr. Hultgren, Dr. Fleming, and Mr. DeFazio.

[Pause.]

*Chairman Boustany. Ranking Member Neal has to chair a different event, he will be back shortly. I just want to have that recorded in the record.

[Pause.]

*Chairman Boustany. We thank our colleagues. And Mr. Brat, you may proceed.

STATEMENT OF THE HON. DAVE BRAT, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

*Mr. Brat. Thank you, Mr. Chairman. Encouraging personal savings is more important now than ever. We need to make it easier for the American people to work, save, invest, and live the lives they want. That is why Senator Jeff Flake and I introduced the Universal Savings Account Act.

Universal savings accounts would be like Roth IRAs, but far more flexible. American adults could contribute post-tax income up to \$5,500 per year. Savings could be invested like IRAs and earnings would grow tax-free. Withdrawals wouldn't be taxed at all. Anyone who doesn't contribute the full amount in a year or who makes withdrawals could backfill it later. These accounts would let people save for any of life's challenges and opportunities with the knowledge that their resources will be there when they need them.

They could also supplement retirement savings, but they could also be used for a car, college, downpayment on a house, and much more.

Other options already exist, but they have complicated rules and restrictions. Many Americans won't risk putting their hard-earned income into restricted accounts that penalize general withdrawals. Universal savings accounts are simple and easy to use. Canada and Great Britain have had something similar for years. Canada's accounts were established in 2009, and only 6 years later, 48 percent of Canadians had one, including many middle-income families. These accounts would create opportunity by reducing double taxation and expanding national savings.

The U.S. personal savings rate is only 5.5 percent, currently, much lower than it should be, and much lower than it was in the 1970s or 1980s. In Macro Economics 101, which I used to teach for 20 years, students learn that savings equals investment at the macro level, and per capita income growth requires capital investment. With a growth rate of only 0.7 percent in the fourth quarter of 2015, we clearly need to boost both savings and investment.

These accounts would also help reform federal and state programs, with minor changes that could be used for education savings accounts, Roth health savings accounts, cash-based income support programs, and more. Our proposal has been endorsed by Americans for Tax Reform, the National Taxpayers Union, and the Association of Mature American Citizens.

My Virginia constituents like it, regardless of their political leanings. I hope we can all work together on ideas like this to help our constituents face life's challenges and opportunities.

I ask unanimous consent to insert supplemental materials about the bill into the record.

*Chairman Boustany. Without objection.

[The information follows: [The Honorable Dave Brat](#)]

*Mr. Brat. Thank you, Mr. Chairman.

*Chairman Boustany. I thank the gentleman.

Mr. -- Dr. Desjarlais, you may proceed.

**STATEMENT OF THE HON. SCOTT DESJARLAIS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TENNESSEE**

*Mr. Desjarlais. Thank you, Mr. Chairman and members of the committee. I want to thank you for inviting me to come before you today to discuss H.R. 2874, the Andrew P. Carpenter Tax Act. I am truly humbled to have had the honor of introducing this bill.

On February 19, 2011, Marine Lance Corporal Andrew Carpenter passed away from fatal wounds sustained while on a combat mission in the Helmand Province of Afghanistan. A resident of Columbia, Tennessee, Andrew enlisted in the United States Marine Corps in 2007,

and went -- was on his second tour of duty in Afghanistan when he laid down his life for his country, leaving behind his wife, Chrissy and then soon-to-be-born son, Landon.

Three years prior to his tour of duty, Andrew had taken out a private student loan, which the loan company ultimately forgave following Andrew's death. However, as hard as it is to believe, the pain and anguish of his family was exacerbated upon learning that the amount of this discharged loan, by law, would be factored into their gross taxable income for that year, a nearly \$1,800 tax bill.

Having already sacrificed so much for our country, it is simply wrong to require our military families to pay taxes on loans already forgiven. This is why I have reintroduced this bill.

Simply, this bill amends Section 108 of the Internal Revenue tax-exempt private student loan forgiveness from being categorized as gross taxable income for families of veterans who have lost their lives while serving on active duty in the United States armed forces. This legislation attempts to shield the families of American fallen soldiers from ever having the IRS add to their loss by callously presenting them with a tax bill. The only thing these parents should receive is a flag and the admiration of the American people.

This bill, which passed unanimously in the House during the 112th Congress, has received the support of the National Guard Association of the United States and the Veterans of Foreign Wars. I am truly humbled to have had the honor of introducing this bipartisan bill, and look forward to working with this Committee to fix this problem, and would humbly ask that you consider bringing this to the floor. And it would be an awful kind gesture to do it before Memorial Day -- not that I am asking much.

*Chairman Boustany. Thanks, Dr. Desjarlais.

Mr. Hultgren, you may proceed.

STATEMENT OF THE HON. RANDY HULTGREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

*Mr. Hultgren. Thank you, Chairman, thank you members of the committee. I really appreciate this opportunity.

As you all know better than most, our tax code reaches into every sector of our economy and every home across America. I support having a tax system that allows for everyone to keep as much of their hard-earned money as possible. Americans and their representatives in Congress agree it is time to simplify the tax code.

It naturally follows that we should analyze how that simplification will affect the country. Here is one item that I think is working: the current tax-exempt status provided to municipal bonds. This is why I recently partnered with Congressman Ruppberger to create the Municipal Finance Caucus.

While serving in local government in Illinois I saw firsthand the benefits provided by this reliable option for financing community development. I am talking about the roads we drive on, schools for our children, affordable family housing, water systems that supply safe drinking water, hospitals and clinics to treat the sick, airports and ports that help move product domestically and overseas, and utility plants that power our homes, businesses, and factories.

In 2013 a study by local government groups found that if the tax exemption is eliminated or capped, that it is more costly to issue the debt. These costs are real. Building the Red Gate Bridge over the Fox River in St. Charles in 2011 would have cost the City of St. Charles, Illinois an additional \$619,000 in interest costs, without the exemption. Will County wants to build a new courthouse and law enforcement complex affordably.

Washington disagrees on how to strengthen our infrastructure, but I believe decisions made by local communities handling local projects tend to be more efficient than one-size-fits-all policy from Washington, D.C. I like to think of this as fiscal federalism, and our colleagues agree. Last year Congressman Ruppertsberger and I were joined by 122 of our colleagues, Republicans and Democrats, in a letter to the House leadership, saying as much. And I plan to submit this for the record.

Mr. Chairman, this impacts all of our districts, and I know even in your own district, the St. Martin Parish School District issued bonds last year to build new schools and improve existing ones. The issuance would have cost an additional \$1.2 million if the tax exemption were capped, as called for in the President's budget. Ranking Member Neal, Springfield, Massachusetts, recently completed an issuance used to fund 22 separate projects, including school renovation, road improvement, HVAC work at City Hall, and would have cost the city and its taxpayers almost another \$7 million.

U.S. municipal securities market is now a robust \$3.7 trillion. Unfortunately, the media likes negative stories. It is frustrating to see breathless articles on the latest debt collapse. Certainly we need to make sure debt is being used and issued and managed responsibly, but there are also thousands of successful infrastructure projects across our great country. We must keep telling their stories.

We should also be thinking of other ways that state and local government can partner with the private sector to support job growth.

I would ask the opportunity to be able to submit the rest of my testimony.

*Chairman Boustany. Without objection.

*Mr. Hultgren. With that, I would yield back.

*Chairman Boustany. Thank you, Mr. Hultgren.

Dr. Fleming, you may proceed.

STATEMENT OF THE HON. JOHN FLEMING, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF LOUISIANA

*Mr. Fleming. Thank you, Mr. Chairman. Today I am here to testify on H.R. 1397, the Seniors Tax Simplification Act, which would save millions of taxpayers money, but not cost the revenue one cent.

Every day and every day for the next 14 years, 10,000 Americans will celebrate their 65th anniversary -- excuse me, 65th birthday. In 2010, about 13 percent of the national population was 65 years old or older. That percentage is expected to grow to 18 percent by 2030. Recent IRS statistics tell us that about 23 million seniors file taxes. That is nearly 16 percent of all tax filers. Millions of these senior filers claimed a pension or annuity and social security benefits. There is no doubt that the American senior population is increasing and, in all likelihood, the number of senior filers will increase, as well.

What is concerning and unique to this segment of the population is the fact that seniors, by virtue of their age and type of income, are precluded from using Form 1040 EZ, the easiest and most basic individual income tax return form available.

Earning social security retirement -- excuse me, H.R. 1397, the Seniors Tax Simplification Act, remedies this dilemma by providing a brief, easy-to-read form called Form 1040SR, specifically designed for older American taxpayers earning social security retirement benefits, interest, and capital gains.

The new Form 1040SR would not limit taxpayers by age or taxable income levels. H.R. 1397 would grant Americans over 65 years old access to a straightforward tax form, and one that is tailored to their specific income needs.

Under my legislation, seniors would no longer be categorically excluded from the option of easy filing. In 2015, income tax filers had a choice between three tax forms: Form 1040EZ, Form 1040A, and Form 1040. All forms allow taxpayers to claim the earned income tax credit. Each form, however, becomes incrementally laborious, based on a taxpayer's age, taxable income, and tax deductions and credits. The new Form 1040SR would mirror Form 1040EZ, with the exception that anyone over 65 could use the form, and tax filers would not be limited by a taxable income.

Like Form 1040EZ, Form 1040SR would not allow taxpayers to itemize deductions or claim any tax credits, with the sole exception of the earned income tax credit. My legislation provides seniors with a choice. Like all tax filers, seniors will need to decide which form is best suited for their unique financial complexity. The easiest tax form is not always the best, but at least seniors will have the ability to decide that for themselves.

I would note for the record that H.R. 1397 has received broad coalition support, and I ask unanimous consent to submit letters from AMAC, American Tax -- Americans for Tax Reform, National Taxpayers Union, and 60-plus associations as part of my testimony here today.

*Chairman Boustany. Without objection.

[The information follows: [The Honorable John Fleming](#)]

*Mr. Fleming. Thank you. An enactment of H.R. 1397 is not expected to cost the taxpayers any money. It could actually save seniors time, energy, and resources. And thank you very much.

*Chairman Boustany. Thank you, Dr. Fleming.

Mr. DeFazio, you may proceed.

STATEMENT OF THE HON. PETER DEFAZIO, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF OREGON

*Mr. DeFazio. Thank you, Mr. Chairman. Thanks for this opportunity to be here today. Mr. Chairman, I am the co-chair of the House Small Brewers Caucus created in 2007. We now have 207 Members representing 43 states.

For the first time since Prohibition we have more breweries in the United States than at any time in our history, 4,300. These small businesses, for the most part, support nearly half-a-million jobs. And yet they are one of the most highly regulated and taxed business sectors in the country. Craft brewers paid \$307 million in federal excise taxes last year. Small brewers produce -- who produce less than two million barrels a year pay \$7 for the first 60,000. After that they pay 18 per barrel.

Our colleague, Representative Paulsen, has introduced H.R. 2903, the Craft Beverage Modernization Tax Reform Act, which would reduce the excise tax from \$7 per barrel to \$3.50 per barrel on the first 60,000 barrels brewed, and it would reduce the tax from \$18 to \$16 for all brewers, large and small, on the first 6 million barrels.

This is a very modest proposal which would do a great deal to grow America's small businesses. It is very expensive to start and to expand a small brewery, and this reduction in excise taxes would be used to purchase equipment, much of which is manufactured in the United States, and produce more jobs here in the U.S. And ultimately, the craft breweries, obviously, are helping us with our trade deficit, since the two largest brewers in America are now foreign-owned. So there are many, many benefits to recommend it.

This bill has more than 200 bipartisan cosponsors. It is supported by the Brewers Association, Beer Wholesalers Association, Wine Institute, many other organizations. You know, I will admit that there is some self-interest, since my state of Oregon will benefit greatly from the bill, we have nearly 1,000 craft breweries, wineries, and distilleries that contribute \$6 billion to our economy.

I think this is a very common-sense proposal that would stimulate a tremendous amount of growth in small businesses, and I recommend it to the committee.

*Chairman Boustany. Thank you, Mr. DeFazio. I want to thank all our colleagues for bringing these important tax provisions forward, and we will take them under consideration. Thank you very much.

We will now move to our next panel: Majority Whip Steve Scalise, Mr. Cramer, Mr. Barr, and Ms. Sewell.

[Pause.]

*Chairman Boustany. We thank you for joining us today, and we will start with Ms. Sewell.

STATEMENT OF THE HON. TERRI SEWELL, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ALABAMA

*Ms. Sewell. Thanks, Mr. Chairman. Thank you for the opportunity to come before you today to present the Workforce Development Tax Credit Act, H.R. 1781, a bill designed to increase apprenticeships through a new federal tax credit for employers. I introduced this bill in response to the feedback I received from employers who participated in our first job fair in Birmingham, Alabama.

In a breakout session, employers expressed deep concern about the shortage of skill, talent, and its relationship to unemployment. They reported that positions remained unfilled, and they were unable to expand because they couldn't find employees with the skills needed to help their businesses remain competitive. These employers predicted, then, that these shortages will only grow worse if we do not better equip our young and unemployed people with the skills needed to succeed in the workforce.

According to the Manufacturing Institute, the skills gap is expected to contribute to 2 million of the 3.5 million manufacturing jobs expected to open in the next decade. Apprenticeship programs, both domestically and internationally, have proven effective in combating the skills gap, while increasing middle-class wages, reducing income inequality, and expanding social mobility. There are -- they are among the best pathways to provide American workers with the skills and knowledge needed to acquire good-paying jobs and to grow the economy.

Studies suggest that for every dollar spent on apprenticeship programs, employers may get an average of \$1.47 back in increased productivity, reduced waste, and greater front line innovation.

With the proven value of apprenticeship programs in mind, we crafted legislation modeled after a bill in the South Carolina legislature that created one of our country's most successful apprenticeship programs. It was called Apprenticeship Carolina. The funding provided by the state is modest, yet the incentives has increased apprenticeships in the state sixfold since it was first created in 2009.

International companies often cite an inadequate number of skilled workers for intermediate technical occupations among reasons for not expanding operations in the United States. These companies from Germany and Switzerland among them have made skills training a top priority.

In 2014 we worked with our governor's office in Alabama to attract an international copper company, Golden Dragon, to its first U.S. plant in the most economically depressed county in the State of Alabama in my district. Less than two years have passed, and the company is already experiencing concerns that local employees do not have the skills needed to achieve the productivity and quality required in today's global competitive marketplace. This is an indictment of our nation's disinvestment in skills training.

If we fail to properly train our young people for jobs in the 21st century, we will put both them and our country at a disadvantage for generations to come. We can and must do better by investing in these training programs.

I look forward to working with this Committee to advance this and other tax legislation that encourages companies to invest in America's workforce. In so doing, we can revitalize our manufacturing sector and increase our global competitiveness. Thank you.

*Chairman Boustany. Thank you, Ms. Sewell. We will next go to our distinguished Majority Whip, Mr. Scalise.

STATEMENT OF THE HON. STEVE SCALISE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

*Mr. Scalise. Thank you, Mr. Chairman. I appreciate the opportunity to come and testify before the committee. I want to also talk about H.Con.Res. 89, the resolution to oppose a carbon tax.

As the members of the committee know, the two most important policy areas impacting our country are taxes and trade. And that is why I am here today to discuss a tax that will negatively impact American families and, by extension, trade and American competitiveness. My concurrent resolution expresses the sense of Congress that a carbon tax would be detrimental to American families and businesses, and is not in the best interest of the United States.

In some ways, we have seen this before. I am humbled that in the 113th Congress, with over 150 cosponsors, the House passed a version of this concurrent resolution as an amendment to the REINS Act. Now, the REINS Act is another initiative that I believe we should continue to promote. It is the idea that unelected bureaucrats in Washington who want to come up with some crazy regulation that has negative impacts on the economy should not be able to move forward with those regulations unless they have come before the elected representatives of the people, where they ought to be able to state their case on CSPAN, in front of our elected representatives, and provide the data. And if it is a good idea, we will pass it, and if it is a bad idea, we defeat it. But we should be held accountable, not some unelected bureaucratic who is not held accountable for that. But, of course, that is a discussion for another day.

Let's go back to H.Con.Res. 89. In July of 2013, the House passed the Anti-Carbon Tax Resolution as an amendment to the REINS Act by a 237 to 176 vote, which, by the way, was a bipartisan vote in support of the legislation.

I hope that my testimony here today will lend additional support to revisiting this effort in the near future. I reintroduced this legislation in the 114th Congress because I believe it is critically important for the House of Representatives to be on record when it comes to a carbon tax. Here is why.

A carbon tax, which is defined in the resolution as a federal tax on carbon released from fossil fuels, is really an energy tax and an energy tax that includes taxing most means of electricity generation, gasoline, natural gas, and home heating oil that will negatively impact American families. With stagnant wages in the middle class over the last decade, increased electricity and transportation costs are not the right policy solution for hardworking Americans.

The higher transportation and electricity costs will then lead to an increase in the cost of all goods and services, with the massive amount of regulations and red tape that has been proposed and finalized by this Administration -- by the way, that will also raise the price of all goods -- a carbon tax would further devastate our economic potential.

I have said that a carbon tax will raise energy prices across the board, and it will. But what should also be noted is that it will disproportionately affect those at the lower end of the economic spectrum, and those on fixed incomes. The reason is that our lower income citizens spend a larger percentage of their household budget on energy costs. So a tax that targets low-income families and seniors is not one that I believe the American people support.

So I want to thank the Chairman for the invitation today, and I also want to thank the several organizations that have sent letters of support for this concurrent resolution. As a side note, Chairman Brady, the full committee Chairman, was the first cosponsor we picked up after introducing this legislation.

I will continue to work with my colleagues to have this measure considered on the House floor because the American people deserve to know where everyone stands on a carbon tax.

Thank you for consideration, Mr. Chairman. I yield back.

*Chairman Boustany. I thank the distinguished majority whip.

Mr. Cramer, you may proceed.

STATEMENT OF THE HON. KEVIN CRAMER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NORTH DAKOTA

*Mr. Cramer. Thank you, Mr. Chairman, for the opportunity to present today H.R. 5171, the Legacy IRA, introduced by Ways and Means Oversight Committee Chairman, Mr. Roskam.

You know, since its enactment in 2006, the charitable IRA rollover has helped thousands of donors -- millions of donors, really -- contribute millions of dollars to thousands of American charities as they feed the hungry, find housing for the homeless, provide all kinds of services for the American citizens, including caring for the sick.

Under current law, as you know, the individuals aged 70-and-a-half years or older are allowed to make direct contributions from an IRA of up to \$100,000 per year to public charities, and to private operating and conduit foundations without having to report the IRA distributions as taxable income. And, you know, this used to be part of the extender package every couple of years or so. And, fortunately, we were able to make it permanent law last year in the PATH Act.

In an effort to build on this momentum and really expand the opportunity both for donors and charities, as I said, Chairman Roskam, Representative Blumenauer, Paulsen, Tiberi, and I have recently introduced H.R. 5171. This bipartisan legislation expands the charitable IRA rollover to provide middle and lower-income individuals and families more opportunities to give to a charity or a cause that they support.

Specifically, the bill authorizes tax-free IRA rollovers for gifts which benefit charities and provide taxable retirement income for donors called charitable life income plans -- things like annuities. Many IRA owners want to make charitable gifts, but are also in need of the retirement income. And the life income IRA rollover is a way for donors of more modest resources to combine charitable gifts with retirement income.

Let me just give an example. I mean if you were a middle-income family, you reach, as the wage earner, the age of 65, you retire, and never in your wildest dreams did you think you could make a \$100,000 contribution to your alma mater, but you have this IRA. At the age of 65, if this legislation becomes law, you can make that \$100,000 contribution to your alma mater, they could put it into an annuity that pays you, say, \$5,000 per year income that you need, which is obviously good for the charity, obviously good for the donor, who now has \$5,000 a year they didn't have before, good for the economy because that income is now rolling around the economy. And, for those that care, it is also good for the government, because that \$5,000 per year is now taxable, generating revenue.

There are lots of good reasons to incent contributions in charity, not the least of which is charity actually replaces the need for government services, in many cases, and delivers those services in a much more compassionate way than the government ever can or ever would.

Without going into the details, I think that the merits are obvious, and I look forward to working with Chairman Roskam and others on the committee to bring this bill to the floor and hopefully pass it. Thank you, Mr. Chairman.

*Chairman Boustany. Thank you, Mr. Cramer.

Mr. Barr, you may proceed.

STATEMENT OF THE HON. ANDY BARR, A REPRESENTATIVE IN CONGRESS FROM
THE COMMONWEALTH OF KENTUCKY

*Mr. Barr. Thank you, Chairman Boustany and members of the subcommittee, for hosting this listening session and providing me an opportunity to relay the tax priorities of my constituents before the Subcommittee on Tax Policy.

Kentucky's sixth congressional district has the great fortune of having a very diverse economy, from manufacturing to agriculture, health care, education, and high-tech start-ups. With that said, let's be honest. People think of Kentucky, they think about our world-class horse racing and breeding industry and Kentucky bourbon. And that is what I would like to discuss with this Subcommittee today.

First, horses. On the heels of last year's triple crown with American Pharaoh, and last Saturday's Kentucky Derby champion, Nyquist, there is much to celebrate about our sport. But this is more than just a sport. It is a dynamic, job-producing industry with an annual economic impact on the United States of \$39 billion. And so I would like to commend to your attention H.R. 3671, the Race Horse Cost Recovery Act. This would make the three-year depreciation for race horses permanent. We have been able to include this in the tax extenders package for a number of years. It is time to make this permanent. And it is not just a benefit to this industry. It is sound tax policy because the useful life of this asset is three years, once a race horse is put into service.

Now, bourbon. Kentucky's distilling industry has been an economic driver for generations. This is true now more than ever, as Kentucky and many other states across the country have witnessed an explosive growth in craft-distilled spirits. One could argue bourbon has never been more popular. In fact, there are currently more barrels of bourbon aging in Kentucky than we have citizens in the entire commonwealth. American whiskey and bourbon also enjoy a growing share of the global liquor market, accounting for over \$1 billion of the \$1.5 billion in total exports of distilled spirits.

That is why I want to bring to your attention legislation I have introduced. H.R. 867, the Aged Distilled Spirits Competitiveness Act of 2015. This bipartisan legislation would correct a provision in the tax code that leaves American bourbon and whiskey distillers at a competitive disadvantage against other sectors of the liquor industry, particularly foreign competitors.

As you may know, Section 263(a) of the Internal Revenue Code requires bourbon producers to capitalize interest expenses incurred to finance the production of bourbon and whiskey during the long aging process, which can be anywhere from 2 to 23 years. This interest expense is not deductible for tax purposes until the bourbon or whiskey is sold years later, after the aging process. Aging can be thought of as part of the manufacturing process. Bourbon that has not aged is not yet bourbon, and therefore should not be considered inventory under the tax code. This tax treatment is unique to the United States, as other countries allow for the immediate expensing of aging spirits, causing a competitive disadvantage to U.S. distillers.

H.R. 867 would provide a level playing field for U.S. bourbon and whiskey producers by allowing immediate deduction of interest expenses related to aging bourbon and whiskey. This simple change would promote the bourbon industry that brings in billions of dollars in economic activity and supports over 9,000 jobs, producing significantly more state and federal revenue than foreign-produced competitors.

I appreciate your consideration of these two important measures for a growing economy in both the horse and bourbon sectors. Thank you.

*Chairman Boustany. Thank you, Mr. Barr. We appreciate you bringing your testimony forward. All of our colleagues, for that matter. And these tax proposals will be given consideration. Thank you.

Let's call up our next panel. We have Mr. Emmer, Mr. Coffman, Ms. Schakowsky, and Mr. Woodall.

[Pause.]

*Chairman Boustany. We thank our colleagues. Mr. Emmer, you may proceed.

STATEMENT OF THE HON. TOM EMMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

*Mr. Emmer. Thank you, Chairman Boustany. Thanks to you and the members of the Subcommittee on Tax Policy for inviting us today.

It is a privilege to represent the people of Minnesota, and I know they are pleased to see that Washington is working on comprehensive tax reform that will help lift Americans out of poverty, put more money back in the pockets of families, and enable businesses to flourish.

At 39 percent, the United States has the highest corporate income tax rate in the developed world. This puts us, America, at a tremendous disadvantage, sending jobs, companies, and tax dollars overseas to countries which have far more business-friendly rates.

In my home state of Minnesota, we recently lost two companies to foreign countries. Sadly, as we all know, it isn't just Minnesotans who have been harmed by the developed world's most uncompetitive and dated corporate tax system. Since 2000 there has been a 28 percent reduction in U.S.-headquartered companies in the global Fortune 500.

Many countries have caught on to the negative effects of high corporate income tax rates. In fact, our neighbor to the north, Canada, our largest trading partner, recently reduced their rate to 15 percent. The United States's second, third, fourth, and fifth largest trading partners -- China, Mexico, Japan, and Germany -- have corporate tax rates of 25 percent, 30 percent, 24 percent, and 15 percent.

The Create Jobs Act, which we have introduced, will ensure the United States has a competitive corporate income tax rate by setting our rate five percentage points lower than the average corporate tax rate of the other Organization for Economic Cooperation and Development countries. These are 33 free-market countries that American often trades with and, in fact, competes with.

It also creates a mechanism for Congress to recalibrate the corporate tax in a timely manner. Under the Create Jobs Act, every five years, by November 1st, the U.S. Treasury will calculate the new corporate tax rate. If the formula suggests it should go up, then a majority of both the House and the Senate must approve the new rate by December 30th. If the formula calls for a decrease, that will occur automatically.

If the Create Jobs Act was enacted today with the average OECD corporate tax rate at about 25 percent, the U.S. corporate income tax would be reduced to about 20 percent. According to the Tax Foundation, a 20 percent U.S. corporate income tax would create more than 640,000 jobs, increase GDP by 3.3 percent, and increase wages by 2.8 percent over the next 10 years. Clearly, this legislation would have a profoundly positive impact on the citizens of this great country. If signed into law, American corporations would have a predictable tax system to plan for the future, but also a system flexible enough to remain competitive in the 21st century.

I want to thank you all again for this opportunity to present testimony to you about the Create Jobs Act. And it is my hope that it will be included in the Ways and Means's highly anticipated comprehensive tax reform package. Thank you.

*Chairman Boustany. Thank you, Mr. Emmer.

Mr. Coffman, you may proceed.

STATEMENT OF THE HON. MIKE COFFMAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF COLORADO

*Mr. Coffman. Thank you, Mr. Chairman and members of the Ways and Means Subcommittee. Today I want to talk about H.R. 4969, the EARNIT Act, which is the Enhancing Advancement, Reducing Non-Compliance, and Improving Trust Act.

What this is is it involves an expansion of the earned income tax credit and a way to pay for it. And in 2014 President Obama talked about increasing the federal minimum wage to \$10.10 an hour, and the non-partisan Congressional Budget Office did an analysis of the economic impact of that. And they said, yes, you would lift 900,000 Americans out of the poverty line, as defined by the federal guidelines. But you would also cost the economy 500,000 jobs.

And so, what I -- in looking at the earned income tax credit, it is heavily, heavily weighted towards individuals with children, as opposed to individuals without children. And so, what this legislation does is, number one, it lowers the eligibility for the earned income tax credit across the board, whether you have children or not, from age 25 to age 21. And then, secondly, it

pluses up the EITC benefit for childless, low-wage, low-income workers. And so, I think this is very positive.

So how it pays for this is that the IRS did an analysis in 2003 -- 2005 [sic] on the earned income tax credit and found that there was a lot of individuals that were receiving it that did not have their child living with them in their residence. And so, in a -- so, what the -- and they came up with a better verification process that has never been implemented, and that is -- to have a third party, whether it be a social worker, a lawyer, employer, or other public official verify that there is a child living with that low-wage worker, in terms of their eligibility.

And so, the -- there was an analysis done by the -- oh, the Tax Foundation, I believe, that is a part of the Congress -- I am trying to get the specific name for it here. And so -- oh, the Joint Committee on Taxation estimated that there would be a net -- if you had that requirement, that there would be a net increase in federal revenues -- i.e. not paying out the tax credit to those who were not eligible -- of \$3.7 billion over a 10-year period, which is more than enough to pay for the proposed expansion of the earned income tax credit under my proposal.

And with that, Mr. Chairman, I am respectful of the time, and I yield back. Thank you.

*Chairman Boustany. Thank you, Mr. Coffman.

Mr. Woodall, you may proceed.

STATEMENT OF THE HON. ROB WOODALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

*Mr. Woodall. Thank you, Mr. Chairman, and thank you for having us today. I have watched this Committee for most of my adult life, and I have never been more optimistic that we are going to get to actual fundamental tax reform with the hours that this Committee has invested and the seriousness with which it is taking it.

But the truth is we have had hours of conversation today about fixes to the tax code. We could have hours more tomorrow and hours more the next day. At some point we have to confess this tax code cannot be fixed, and we have to throw it out, and start over again. There is not a member of this body, if they could write the right tax code to govern America, that they would write this one.

We have got to start all over again from scratch. The power to tax is the power to destroy, and an income tax destroys productivity. I think we have won the debate that a consumption tax is the way to get the economic engine restarted here, in this country.

A group of activists, a group of economists, folks in a group called Americans for Fair Taxation, said, "If we started from scratch, what tax code would we write?" And what they came up with was a plan called The Fair Tax. It is H.R. 25. It is the most widely cosponsored fundamental tax reform bill in this congress. And it throws the tax code out. It begins with the point of view that businesses don't pay taxes, businesses just collect taxes. And I don't want to

have a tax code for job creators in this country that is just a little bit worse than everybody else's. I don't want to have a tax code for job creators in this country that is on par with the rest of the world. I want to have a tax code in this country that leads the rest of the world.

I want to take our corporate income tax code from worst in the world to first in the world. Fair Tax does that by admitting that businesses don't pay taxes, they simply collect taxes, abolishes the corporate income tax and requires that they collect a point of sale retail sales tax on all of the final consumer goods.

I want to make sure that individuals don't have to fight with their government for the privilege of paying their taxes. There is absolutely no sense that every April 15th dread seeps in to every American family across this land. The Fair Tax recognizes that you shouldn't have to have a law degree or an accounting degree to pay your taxes. Simple point of sales retail sales tax, every American consumer would pay their taxes with every purchase that they make. The average American family would never see the IRS again.

I don't want to make it easier to file your income tax statement; I want to get you out of the business of filing your income tax statement.

Mr. Chairman, we have an opportunity here, because we all recognize a problem, because there is no Member defending the current code to do the big things. We have tried nibbling around the edges for years at the time. I applaud this Committee for the work to get to that next big idea, and I encourage you to take a look at H.R. 25, the Fair Tax.

And with that, I would welcome any questions and yield back.

*Chairman Boustany. Thank you, Mr. Woodall.

Ms. Schakowsky, you may proceed.

STATEMENT OF THE HON. JANICE SCHAKOWSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

*Ms. Schakowsky. Now for some different ideas. I thank you, Mr. Chairman, for allowing me to testify before this Committee on two pieces of legislation I have introduced to improve the fairness of our tax system: H.R. 389, the Fairness in Taxation Act; and H.R. 2619, the Patriot Employer Tax Credit Act.

We are the richest country in the world at the richest moment in history, yet we operate here in an environment of austerity, unable to pay -- to afford things like quality education and infrastructure investment and security in a social safety net that our country needs. Today we simply don't raise sufficient revenue to meet today's needs or invest in our future.

My Fairness in Taxation Act would update tax brackets for the highest-income Americans. Right now, there are seven brackets that end at \$450,000 of income, and absolutely none after that. So someone making \$450 million pays the same as someone that pays

\$450,000. My bill would create new tax brackets, beginning at \$1 million in income, ratcheting up to \$1 billion in income -- and, yes, there are Americans that make that.

It would also stop special tax breaks for millionaires on their capital gains and dividends. These changes would raise \$800 billion over the next decade, which would then be injected back into education and infrastructure, research and development, et cetera, and support a strong middle class.

We also need to improve tax fairness for our businesses. Right now our tax code rewards the wrong behavior. In recent years we have seen a wave of U.S.-based companies move their headquarters overseas to dodge U.S. taxes through tax inversions. Meanwhile, too many workers struggle with low wages and retirement insecurity.

My Patriot Employer Tax Credit Act would reward companies for doing the right thing. It would provide a tax credit for the first \$15,000 on qualified wages for employers that invest in American jobs, avoid tax inversions, pay fair wages, provide quality health insurance, contribute to their workers' retirement, and support jobs for active duty military veterans and those with disabilities. And we would pay for these tax credits by closing an existing loophole that allows companies to deduct interest expenses used to invest overseas. I think that is a sensible idea. Stop tax provisions that encourage overseas investment to reward companies that invest in good jobs here at home.

These bills are the type of tax reform that I believe we desperately need, reforms that raise revenue, increase fairness, and invest in quality American jobs. I urge you to advance this legislation, and thank you once again for the opportunity to testify.

*Chairman Boustany. I thank our colleagues on this panel for bringing these important tax proposals forward, and we will take them under consideration. We thank you.

And we will conclude now with our final panel, which will be Mr. Paulsen, a member of the Ways and Means Committee.

[Pause.]

*Chairman Boustany. I thank my colleagues. Mr. Paulsen, you may proceed.

STATEMENT OF THE HON. ERIK PAULSEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MINNESOTA

*Mr. Paulsen. Thank you, Mr. Chairman. I know we have heard a lot of great testimony today about important tax initiatives, many of which I support. And while Members of Congress do all that we can to represent our constituents and advocate on their behalf, we simply aren't qualified in the same way that they are to discuss issues important to them and to their businesses. And that is why I would like to yield some of my time today to Mr. Clint Roberts. He is the chief marketing officer of Surly Brewing Company in Minneapolis. And Clint will speak about his brewery and what passage of legislation that I have introduced, the

Craft Beverage Modernization and Tax Reform Act, would do to help their ability to invest in Surly and hire more Minnesotans.

Clint, if you would like to, come forward.

*Chairman Boustany. Welcome, sir.

*Mr. Roberts. Thank you, Chairman. Thank you, Representative Paulsen and thank you to the committee for the opportunity to testify today. My name is Clint Roberts. As Erik mentioned, I am the chief marketing officer at Surly Brewing Company in Minneapolis, Minnesota.

For almost a decade, the Brewers Association and the brewing industry have been working with Congress to try and pass legislation that recalibrates the federal excise tax to reflect the makeup of the craft brewing industry, and to spur additional growth. The Craft Beverage Modernization and Tax Reform Act, introduced this Congress by Representatives Paulsen and Kind, would lower the federal excise tax for the brewing industry, as well as the wine and distilled spirits industries, and make the alcohol beverage excise tax system more progressive for smaller producers.

It is legislation like this that would have a major impact on Surly, as well as other craft brewers. In Minnesota, we have seen firsthand how laws that are supportive of the craft brewing industry help foster growth.

In 2011 we set out to tweak state legislation to allow production breweries to sell pints of their own beer, so we could build our destination brewery, complete with two restaurants, an event center, and a beer garden, in addition to the production facility. When we set to change the law, there were 35 breweries in the state. Now there are 105 breweries that employ more than 8,600 Minnesotans. The Craft Beverage Modernization and Tax Reform Act is the type of legislation that would have a similar impact on our community, as well as other members of the beverage alcohol industry.

We have seen firsthand that legislative advancements like this can be incredibly important to the craft community and local economies. It has created a phenomenon of sorts that shows no sign of slowing.

In December 2014 we opened our \$34 million destination brewery. Last year we brewed almost 65,000 barrels of beer, and this year we hope to brew 80,000. We have the capacity to brew almost 100,000. Once we near capacity, we will have important decisions to make. The demand for our beer is there, but additional growth requires continued investment in our brewery.

In total, our company employs almost 300 employees, a full-time equivalent number of 159. We had lofty job creation numbers as we dug in on our destination brewery, but this number has exceeded those goals. It has been great for our local economy, and it has helped us to expand into other states. We opened in three new states just last week.

We look to continue to invest in our operation, which will create a range of jobs and broad economic impact. If we are able to get our federal tax liability produced, we will put the money back into our company. We have to. The craft beer climate is unbelievably competitive, because of recent growth. Our consumers want more and expect more. We are ever evolving to meet the demands of our consumers.

I can only speak to how this bill would impact the craft brewing industry. But if it has a similar impact on other alcohol producers, it is no surprise that this bill has had broad, widespread bipartisan support from not just the alcohol industry, but also agricultural and manufacturing associations. Passing the Craft Beverage Modernization and Tax Reform Act would be good for the brewers in Minnesota and the brewers located in your states and across the country.

This is a big issue for our small business. We have seen firsthand the tangible success stories from enterprising legislation.

Thank you again to the committee for taking the time to learn about this important issue, and to Representative Paulsen for his support of the craft brewers in Minnesota and across the country.

*Chairman Boustany. Thank you, Mr. Roberts.

And Mr. Paulsen, thank you for bringing this testimony forward.

*Mr. Paulsen. Thank you, Mr. Chairman, for your time and attention today, and I am happy to yield back.

*Chairman Boustany. Thank you. I would like to thank all of our esteemed colleagues for appearing before us today. It is clear from the testimony that you all have put a great deal of time and consideration into these improvements into our current tax code. And I am pleased that we have had an opportunity to make a record of those priorities.

Keep in mind that, while we are looking at these current -- these improvements to the current tax code, we are still committed to comprehensive, full tax reform, as a committee.

As we continue to formalize the record, we encourage you to have any stakeholders that also care about these issues to submit statements for the record. Please be advised that Members will have two weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

And with that, the subcommittee stands adjourned.

[Whereupon, at 12:42 p.m., the subcommittee was adjourned.]

[Public Submissions for the Record](#)