

Congressman Warren Davidson – 1/22/25 Ways and Means Member Day Testimony

Good morning, Chairman Smith, Ranking Member Neal, and the members of this committee. Thank you for giving me the opportunity to discuss my priorities for the upcoming budget reconciliation package. Before entering public service, I spent 15 years owning and operating manufacturing businesses in Ohio. I understand firsthand the challenges that businesses face in a global economy—challenges that include high taxes, regulatory burdens, and a tax policy that discourages investments in America. Manufacturing is the backbone of our economy, and as we work toward restoring American competitiveness, we must create a tax framework that empowers American businesses to thrive.

Firstly, I believe the committee should work to make full and immediate expensing permanent. These expenses should include expenses on research and development, technology, and equipment purchases. This change in the tax code incentivizes companies to invest more, which, in the long run, raises worker productivity, boosts wages, and creates more jobs. To further increase investments and productivity growth, Congress should ensure that 100% of the interest paid by businesses is fully deducted as a business expense.

This would lower the cost of accessing capital and make it easier for businesses to invest in themselves.

I also support maintaining the carried interest provision. This tax treatment has been vital for venture capital, private equity, and real estate professionals, encouraging investment in American businesses and the subsequent benefits of job creation.

I also urge this Committee to consider the inclusion of my bill, the People CARE Act. This legislation would establish the People-Centered Assistance Reform Effort Commission within the legislative branch, which would review federal means-tested welfare programs and ensure that means-tested welfare programs are exclusively providing assistance to low-income Americans. The current welfare system has good intentions, but over time it has created welfare cliffs, maligned incentive structures, and immense government waste at the expense of American taxpayers. My bill's inclusion would enable reassessment to address critical health care disparities and improve access to care for the Americans who need it most, aligning with broader economic goals of fostering a healthy, productive workforce.

However, the Child Tax Credit (CTC) should not be part of the Tax Cuts and Jobs Act or reconciliation considerations. Its inclusion would complicate the tax code and detract from the focus on business and economic growth policies. Using the tax code as a mechanism to redistribute income, particularly through refundable tax credits, warrants further

scrutiny, and the eligibility for these credits should be limited to citizens, ensuring that the benefits are targeted appropriately and effectively.

As the committee reevaluates the tax code, it should also remove provisions that have had a harmful effect on our nation's industries such as the crypto reporting provision from the Infrastructure Investment and Jobs Act. Cryptocurrency and blockchain technologies hold tremendous potential, but the overly broad language of these requirements threatens to stifle growth in a nascent industry that could bring substantial economic and technological benefits to our country. I urge the committee to repeal these provisions.

Last, but certainly not least, I strongly recommend transitioning from the use of Taxpayer Identification Numbers to Social Security Numbers in tax filings, paired with a policy to eliminate birth-right citizenship. This change would enhance the integrity of our tax system, ensure that benefits are reserved for citizens, and address long-standing concerns about unauthorized use of taxpayer resources. Because Social Security numbers are uniquely tied to individual American citizens, this transition will strengthen our tax system's integrity by boosting compliance and curbing fraud, in addition to providing more revenue for the Treasury.

In conclusion, these priorities and additions are designed to bolster our economy, encourage innovation, and ensure fairness in our tax system. I urge this committee to consider these points as we move towards crafting a tax policy that reflects our nation's needs and values. Thank you for your attention, and I look forward to working with you on these vital issues.

Mr. Chairman, I yield back.