



President's Advisory Panel on
Federal Tax Reform
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OPENING STATEMENT BY SENATOR JOHN BREAU

Vice-Chairman, President's Advisory Panel on Federal Tax Reform
First Meeting -- February 16, 2005

Thank you. I look forward to working closely with Chairman Mack on this worthwhile task to find ways to reform and simplify our tax system. Someone once said that tax simplification is complicated stuff. I agree, but I believe that we have an excellent opportunity to meet this challenge. To accomplish any significant change, it is vital that it be done on a bipartisan basis. I am pleased that the President assembled this panel to begin the process of working together to reform our tax system.

The ever increasing complexity of our tax laws imposes an unnecessary burden on Americans. In 1940, it took only two pages to explain how to fill out a form 1040. Today, the 1040-EZ, or short form, is accompanied by 36 pages of instructions. For more than 80 million taxpayers who filed the long form for 2003 – with its 70 lines, 30 commonly used schedules and more than 130 pages of instructions – the task was even more overwhelming. It's time to think seriously about whether the tax code needs to be so complicated.

This complexity has real consequences. By the time we started the last major reform effort in the 1980s, the vast majority of the public had come to believe that their neighbors were avoiding paying their fair share. It is my view that we again find ourselves in that situation. Some have even said that we are “moving toward a crisis of compliance with the income tax.” Simplifying the tax code will make it easier for taxpayers to comply with the tax laws, and will restore confidence in the tax system. We therefore must take action soon before our system of voluntary compliance is undermined.

But reform is not just about the possibility of eliminating mountains of paperwork – it's also about global competition. From the vantage point of today's global marketplace, our tax rules are outdated. It is a problem that grows worse with each passing year as the world's economies become more closely interrelated. Now is the time to take a critical look at whether our tax code is an obstacle to U.S. businesses – both here at home and abroad.

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Over the next six months, we will have a real discussion about what kind of tax system we want in this country. This dialogue will involve many voices. We will hear from academic experts, business leaders and taxpayers who are doing their best to comply with our tax laws. We must first study the problems in the current tax code and then explore available options to create a system that is simpler, fairer and more productive. I am honored to serve with the other panel members and look forward to finding ways to improve the lives of Americans.

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