



May 18, 2017

Dear Members of the Ways and Means Committee:

We believe tax reform done right is the key to helping millions of Americans improve their lives – especially those who have been struggling to lift themselves out of poverty. On behalf of our members, hundreds of business and philanthropic leaders throughout the country, we write to thank you for your work on tax reform and express our commitment to this shared goal.

It shouldn't surprise anyone that [72 percent](#) of Americans feel that the “economy is rigged to advantage the rich and powerful.” It is. And there's no greater contributor to the rigged economy than the U.S. tax code. We want to work with you and the administration to fix these problems, eliminate special interest carve outs and loopholes, and help restore equity and fairness so that all Americans have the equal opportunity to succeed.

Ideal tax policy would raise enough revenue to fund the proper functions of government with limited market interference, and treat individuals and institutions equally in the process. But the U.S. tax code does just the opposite.

- It takes too much hard-earned money from ordinary Americans struggling to get by.
- It pits the least fortunate against the well-connected, who spend millions of dollars on lobbyists seeking special tax treatment and favors, instead of creating value through economic means.
- It distorts market signals that are essential to a free and innovative economy, one that grows and produces jobs and opportunities for all Americans.
- And it drains the U.S. economy of billions of dollars in tax law compliance costs that could be used for more productive purposes that lead to innovations and job creation.

With every change, complexity grows, the economy suffers, jobs and opportunities are lost, and our nation becomes a more entrenched two-tiered society.

We have a positive vision for a fairer, flatter, and simpler tax code, that is understood and respected by the American people, and unleashes growth and opportunity so all Americans can improve their lives – especially the least fortunate.

Our vision for tax reform follows five simple principles:

1. **Simplicity:** Lower rates, fewer brackets, and the elimination of special loopholes, deductions, and exemptions will make tax compliance easier and more affordable.



America's byzantine tax policy, with the highest corporate statutory rates in the developed world, deters American business investments, stifles economic growth, and has caused America to lose [as many as 3 million jobs](#).

American workers and consumers are hurt by higher taxes, whether they are imposed on individuals or corporations. Most middle-class taxpayers, who take the standard deduction, do not benefit from the array of special deductions and credits, and high individual tax rates reduce badly needed take-home pay. Higher corporate tax rates reduce jobs and increase consumer prices.

Individuals and businesses waste [billions of dollars and billions of hours](#) complying with the code's complex and convoluted requirements. In 2016, tax code complexity cost American taxpayers and businesses [\\$409 billion dollars](#), and over [8.9 billion hours](#) in compliance time – time and money that could be put to more productive use.

2. **Efficiency:** Broad-based, low-rate tax systems are the most efficient way for the government to collect revenue—causing as little disruption to the economy as possible.

Eliminating distortions allow people to make the best decisions about saving and investing for their families or businesses, rather than focusing on tax outcomes. And it allows businesses to focus on producing real value for their customers, rather than gaining at the expense of others through the political system.

3. **Equitability:** Corporate welfare and special-interest handouts in the current tax code create an unfair, two-tier tax system and should be eliminated.

From 2002 to 2011, lobbyists [spent \\$28 billion](#) pleading with federal, state, and local governments for special treatment for their clients. When government picks favorites in our tax code, this leads to higher tax rates for everyone else. The U.S. government pays out almost [\\$100 billion per year in corporate welfare](#) – that's an average cost of almost \$900 per American family. The true cost to taxpayers is greater because the \$100 billion does not include the cost of preferential tax carve outs or trade restrictions.

In addition, tax expenditures, which include special exclusions, exemptions, deductions, credits, and preferential tax rates, are estimated by the [Congressional Budget Office](#) to exceed \$1.5 trillion in 2017.

4. **Predictability:** Tax certainty is essential to a pro-growth tax system.

Our current tax system relies on short-term fixes to help businesses deal with extremely high tax rates. These tax extenders and the complex formulas for bringing foreign-earned income back home to the United States make it very difficult for businesses to plan long-term.



5. **No Burden on Taxpayers:** Comprehensive tax reform must be done without placing new burdens on the American people.

Government has a spending problem, not a revenue problem. Tax reform can and must be done without saddling new taxes on American consumers, whether in the form of a BAT, VAT, carbon tax, or other tax increase.

Freedom Partners Chamber of Commerce and our coalition allies hope to work closely with your committee to advance these principles and help unify Americans behind a pro-growth tax reform agenda that changes the nation's trajectory away from a two-tiered society, and brings opportunity back to those who are most in need.

Americans deserve a tax code that is simple, efficient, equitable, and predictable - without new burdens on taxpayers. If you can join us in championing these principles, we will help ensure that the American people will stand behind you in this important effort.

Sincerely,

A handwritten signature in black ink that reads "Nathan Nascimento".

Nathan Nascimento
Vice President of Policy,
Freedom Partners Chamber of Commerce