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CRFB Praises Senators Baucus and Hatch for Tax Reform Approach June 27, 2013

Today, Senate Finance Committee Chairman Max Baucus and Ranking Member Orrin Hatch released a letter to their colleagues stating they will be relying on a “Blank Slate” approach as a starting point for tax reform discussions. Their approach would start by eliminating all tax expenditures, with policymakers then needing to justify any preferences they want to add back into the code—an approach developed by the 2010 Simpson-Bowles Fiscal Commission.

The Committee for a Responsible Federal Budget applauds this effort.

“Senator Baucus and Senator Hatch should be commended for their bold and bipartisan opening on tax reform,” said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. “Their approach has the potential to kill three birds with one stone by simplifying the tax code, growing the economy, and reducing the deficit. The \$1.3 trillion of un-scrutinized tax preferences must be reined in if we are going to truly reform our tax code and control our mounting debt. The Blank Slate approach puts the onus on defenders of these preferences to start justifying their worth and cost.”

“Both the Simpson-Bowles and Domenici-Rivlin reports showed we can substantially reduce tax rates and deficits in a progressive and pro-growth manner if we are willing to seriously reduce and reform the most expensive tax preferences in our code. Nothing should be sacrosanct, not even popular tax breaks like the mortgage interest deduction, which can be designed to be more efficient and less costly while achieving the same goals,” MacGuineas explained.

“The Finance Committee’s approach to starting the tax reform discussion is a model of how things should work in Washington. While policymakers will surely disagree on many of the specifics involved in tax reform, starting with the shared goal of improving the system, maintaining progressivity, and growing the economy should help keep reform efforts on track. We commend these two leaders for getting the tax reform process started in such a bold and productive way.”