

Tax Reform Hearing
Senate Finance Committee
Statement of Senator Max Baucus
August 3, 2006

Mr. Chairman, I am glad that you called this hearing today. And I am pleased that the Committee has named as witnesses today four members of the panel that advised the President on tax reform proposals. I expect that we will learn much from the discussion today.

But apparently, we will not learn one thing about what the administration thinks. Now, that was of course the original idea behind the tax panel: The panel was to make recommendations. The Treasury was to submit those recommendations, or their own, to the President. And then the President was to move forward with a plan.

But a funny thing happened on the way to the White House. It reminds me of the Harry Potter books. Harry Potter's evil nemesis, Lord Voldemort, is so bad that no one says his name. Characters call him simply "He Who Must Not Be Named."

Well, ever since the panel submitted its recommendations, back in October of last year, the administration has been treating tax reform like Lord Voldemort. Tax reform has become "the Issue that Must Not Be Named."

Tax reform not only went from the front-burner to the back-burner. It got knocked off the stove. It got kicked out of the kitchen.

Today, we could have heard from the Treasury Department. Treasury supplied much of the background expertise to the panel during its deliberations. It is my understanding, Mr. Chairman, that we invited the Treasury to testify. But Treasury declined. Treasury said that it simply was not ready. Staff needed to confer with the new Secretary.

Does this sound familiar? It should. We heard the same excuses last month, when we tried to nail down Treasury on the \$350 billion tax gap: "Not ready. Need to meet the new guy."

Fortunately, Mr. Chairman, we were able to find a Treasury position. We went to the internet. And we found a paper published in May extolling the virtues of a consumption tax.

Did Treasury deliver their paper to Congress? No. It was delivered to the American Enterprise Institute. So the Treasury leaves us wondering:

What has AEI got that the Senate Finance Committee doesn't? Apparently one thing that AEI gets that Congress doesn't, is Treasury's views.

Mr. Chairman, I look forward to the testimony of our panelists today, former Senators Connie Mack and John Breaux, along with Professors Beth Garrett and James Poterba. You should be commended for your service on this panel. It took a great deal of time from your already busy schedules and the country is grateful for your commitment.

I am also pleased that David Walker of the GAO is here today to give us some overview, along with Jane Gravelle of CRS.

I wish them all the courage of Harry Potter in dealing with this "Issue that Will Not Be Named."