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LARRY CRAIG

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NEWS RELEASE

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CRAIG ON TAX DAY RENEWS CALL FOR FLAT TAX

WASHINGTON, D.C. – Idaho Senator Larry Craig observed Tax Day 2008 by renewing his call to replace the complex federal tax code with a simple flat tax.

“Today’s tax code is over 67,000 pages long, and it’s growing,” Craig said on the Senate floor. “According to IRS estimates, taxpayers spend six billion hours annually trying to fit themselves into the tax code and over \$265 billion in related compliance costs.”

But along with the compliance costs and wasted time, Craig said that the tax code hurts Americans socially and economically. “Socially our tax code tells us when it’s the best time to marry, how many children we ought to have, how much to save, how much to invest, where to live and even to a degree, what time we should die in our lives that is most economically advantageous to our estate,” he said. “That’s what our tax code does.

“Economically we waste billions of dollars that could have been reinvested in the economy, and instead employ some of America’s brightest minds on . . . finding ways to navigate through this phenomenally complex 67,000-page code.”

Craig said the best alternative to a broken tax code has been the very tax idea he has helped introduce. “That was a flat tax – no games, no gimmicks, just straightforward,” he said on the Senate floor. Craig is an original cosponsor of S. 1040, the Tax Simplification Act of 2007, which would replace the current tax code with a flat rate of 17 percent for individuals and businesses. It would eliminate special preferences, end the double taxation of savings and investment and provide a generous exemption based on family size.

The full text of Craig’s Tax Day speech follows:

“Only a few weeks ago, we debated the Fiscal Year 2009 budget resolution, and some recurring themes very quickly emerged. Over and over again, both sides of the aisle were speaking of the problems that they heard about the death tax and problems with the alternative minimum tax and the unfair tax advantage of the wealthy and the burden on the middle class and other problems that are systemic within America’s tax code.

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“And you know what we did about these problems? We only offered temporary solutions, just like we’ve offered for the last decade. Here’s what’s wrong with that type of thinking. There aren’t temporary problems that can be fixed with temporary solutions. There are fundamental problems that require fundamental changes in America’s tax code.

“Our current tax code is broken, and you saw Democrats and Republicans alike opining here on the floor of the Senate during the debate over the budget resolution about taxes. We tried to fix it with a temporary measure, but we have served only to make things worse. And this is exactly what we’ve done over the last good number of years.

“Today’s tax code is over 67,000 pages long, and it’s growing. And according to IRS estimates, taxpayers spend six billion hours annually trying to fit themselves into the tax code, and over \$265 billion in related compliance costs. And ladies and gentlemen, fellow Americans, it’s only going to get worse. Since the last major overhaul of the tax code in 1986, we made 15,000 changes. That’s right, since 1986, we’ve made 15,000 changes. That equates to a couple of changes to our tax code every day. This nonstop tinkering has created a tax system that is overly complex, incredibly inefficient and extremely unfair.

“We cannot continue down this unsustainable path of temporary fixes. We need to do fundamental reform to our tax code. We need a system that is simple and transparent and fair. We need to wipe the slate clean and start all over.

“I’m amazed we haven’t done the very fundamental thing we need to do, to fix the tax code. Our broken code does more than just cost us money in compliance costs and wasted time. It hurts us both socially and economically. Socially, our tax code tells us when it’s the best time to marry, how many children we ought to have, how much to save, how much to invest, where to live and even to a degree, what time we should die in our lives that is most economically advantageous to our estate. That’s what our tax code does.

“Economically we waste billions of dollars that could have been reinvested in the economy, and instead we employ some of America’s brightest minds on innovation. We waste them on finding ways to navigate through this phenomenally complex 67,000-page code. Our complex tax code is – and high corporate tax rates are – putting Americans out of business as we compete in a world around us. Not just here in America, but all over the world, companies today are locating where they have a greater tax advantage.

“I spent several years examining different tax systems, and after examining the facts, I believe the best alternative to a broken tax code has been the very tax idea I introduced some years ago. That was a flat tax – no games, no gimmicks, just straightforward.

“Our tax code is the workhorse pulling our economy, and, as I stated earlier, pulling us in the wrong direction. This horse that pulls our economy – the American tax code – has grown very lame. I grew up farming and ranching, and, let me tell you, when the horse got lame, you took it out of the harness, and you put it in the barn. And sometimes if it could not get well, you would simply have to dispose of it. How tragic that was. But today’s tragedy is the lame horse that’s still in the harness attempting to pull the tax code and the American people and the economy in the right direction, when it’s headed in the wrong direction.

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“Now as Americans file their tax returns dutifully, after they’ve navigated their way through a maze, and they’ve taken it to their accountant and their accountant puts his or her final seal on it, they send it in. If they were to ask an IRS agent, ‘Did I do it right?’ there is no IRS agent today, no matter how schooled and how learned and how long serving in the IRS, that can say, ‘Yes, you’ve done it right, and that’s appropriate.’ The best they can tell you is that they think – in fact, they guess – that you did it right. That ought to be an embarrassment to our country and, more importantly, it ought to be an embarrassment to America’s policy-makers – that’s us – those who write the tax code of our country that drives our economy.”

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