

House Calendar No. 153

112TH CONGRESS
2^D SESSION

H. R. 6169

[Report No. 112-629]

To provide for expedited consideration of a bill providing for comprehensive tax reform.

IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2012

Mr. DREIER (for himself, Mr. CAMP, Mr. SESSIONS, Mr. BISHOP of Utah, Mr. WOODALL, Mr. NUGENT, Mr. SCOTT of South Carolina, Mr. WEBSTER, Mr. ROSKAM, Mr. BRADY of Texas, Mr. BERG, Mr. REED, Mr. SMITH of Nebraska, Mr. SCHOCK, Mr. DAVIS of Kentucky, Ms. JENKINS, Mrs. BLACK, Mr. HERGER, Mr. GERLACH, Mr. SAM JOHNSON of Texas, Mr. BOUSTANY, Mr. TIBERI, and Mr. MARCHANT) introduced the following bill; which was referred to the Committee on Rules

JULY 30, 2012

Additional sponsor: Mr. GRAVES of Missouri

JULY 30, 2012

Referred to the House Calendar and ordered to be printed

A BILL

To provide for expedited consideration of a bill providing for comprehensive tax reform.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Pathway to Job Cre-
3 ation through a Simpler, Fairer Tax Code Act of 2012”.

4 **SEC. 2. FINDINGS AND PURPOSES.**

5 (a) FINDINGS.—Congress finds that the following
6 problems exist with the Internal Revenue Code of 1986
7 (in this section referred to as the “tax code”):

8 (1) The tax code is unfair, containing hundreds
9 of provisions that only benefit certain special inter-
10 ests, resulting in a system of winners and losers.

11 (2) The tax code violates the fundamental prin-
12 ciple of equal justice by subjecting families in similar
13 circumstances to significantly different tax bills.

14 (3)(A) Many tax preferences, sometimes re-
15 ferred to as “tax expenditures,” are similar to gov-
16 ernment spending—instead of markets directing eco-
17 nomic resources to their most efficient uses, the
18 Government directs resources to other uses, creating
19 a drag on economic growth and job creation.

20 (B) The exclusions, deductions, credits, and
21 special rules that make up such tax expenditures
22 amount to over \$1 trillion per year, nearly matching
23 the total amount of annual revenue that is generated
24 from the income tax itself.

25 (C) In some cases, tax subsidies can literally
26 take the form of spending through the tax code, re-

1 distributing taxes paid by some Americans to indi-
2 viduals and businesses who do not pay any income
3 taxes at all.

4 (4) The failure to adopt a permanent tax code
5 with stable statutory tax policy has created greater
6 economic uncertainty. Tax rates have been scheduled
7 to increase sharply in 3 of the last 5 years, requiring
8 the enactment of repeated temporary extensions. Ad-
9 ditionally, approximately 70 other, more targeted tax
10 provisions expired in 2011 or are currently sched-
11 uled to expire by the end of 2012.

12 (5) Since 2001, there have been nearly 4,500
13 changes made to the tax code, averaging more than
14 one each day over the past decade.

15 (6) The tax code's complexity leads nearly nine
16 out of ten families either to hire tax preparers (60
17 percent) or purchase software (29 percent) to file
18 their taxes, while 71 percent of unincorporated busi-
19 nesses are forced to pay someone else to prepare
20 their taxes.

21 (7) The cost of complying with the tax code is
22 too burdensome, forcing individuals, families, and
23 employers to spend over six billion hours and over
24 \$160 billion per year trying to comply with the law
25 and pay the actual tax owed.

1 (8) Compliance with the current tax code is a
2 financial hardship for employers that falls dispro-
3 portionately on small businesses, which spend an aver-
4 age of \$74 per hour on tax-related compliance, mak-
5 ing it the most expensive paperwork burden they en-
6 counter.

7 (9) Small businesses have been responsible for
8 two-thirds of the jobs created in the United States
9 over the past 15 years, and approximately half of
10 small-business profits are taxed at the current top 2
11 individual rates.

12 (10) The historic range for tax revenues col-
13 lected by the Federal government has averaged 18
14 to 19 percent of Gross Domestic Product (GDP),
15 but will rise to 21.2 percent of GDP under current
16 law—a level never reached, let alone sustained, in
17 the Nation’s history.

18 (11) The current tax code is highly punitive,
19 with a top Federal individual income tax rate of 35
20 percent (which is set to climb to over 40 percent in
21 2013 when taking into account certain hidden
22 rates), meaning some Americans could face a com-
23 bined local, State and Federal tax rate of 50 per-
24 cent.

1 (12) The tax code contains harmful provisions,
2 such as the Alternative Minimum Tax (AMT), which
3 was initially designed to affect only the very highest-
4 income taxpayers but now threatens more than 30
5 million middle-class households because of a flawed
6 design.

7 (13) As of April 1, 2012, the United States
8 achieved the dubious distinction of having the high-
9 est corporate tax rate (39.2 percent for Federal and
10 State combined) in the developed world.

11 (14) The United States corporate tax rate is
12 more than 50 percent higher than the average rate
13 of member states of the Organization for Economic
14 Cooperation and Development (OECD)—a factor
15 that discourages employers and investors from locat-
16 ing jobs and investments in the United States.

17 (15) The United States has become an outlier
18 in that it still uses a “worldwide” system of tax-
19 ation—one that has not been substantially reformed
20 in 50 years, when the United States accounted for
21 nearly half of global economic output and had no se-
22 rious competitors around the world.

23 (16) The combination of the highest corporate
24 tax rate with an antiquated “worldwide” system sub-
25 jects American companies to double taxation when

1 they attempt to compete with foreign companies in
2 overseas markets and then reinvest their earnings in
3 the United States.

4 (17) The Nation's outdated tax code has con-
5 tributed to the fact that the world's largest compa-
6 nies are more likely to be headquartered overseas
7 today than at any point in the last 50 years: In
8 1960, 17 of the world's 20 largest companies were
9 based in the United States; by 2010, that number
10 sank to a mere six out of 20.

11 (18) The United States has one of the highest
12 levels of taxation on capital—taxing it once at the
13 corporate level and then again at the individual
14 level—with integrated tax rates on certain invest-
15 ment income already reaching roughly 50 percent
16 (and scheduled to reach nearly 70 percent in 2013).

17 (19) The United States' overall taxation of cap-
18 ital is higher than all but four of the 38 countries
19 that make up the OECD and the BRIC (Brazil,
20 Russia, India and China).

21 (b) PURPOSES.—It is the purpose of this Act to pro-
22 vide for enactment of comprehensive tax reform in 2013
23 that—

1 (1) protects taxpayers by creating a fairer, sim-
2 pler, flatter tax code for individuals and families
3 by—

4 (A) lowering marginal tax rates and broad-
5 ening the tax base;

6 (B) eliminating special interest loopholes;

7 (C) reducing complexity in the tax code,
8 making tax compliance easier and less costly;

9 (D) repealing the Alternative Minimum
10 Tax;

11 (E) maintaining modern levels of progres-
12 sivity so as to not overburden any one group or
13 further erode the tax base;

14 (F) making it easier for Americans to save;
15 and

16 (G) reducing the tax burdens imposed on
17 married couples and families;

18 (2) is comprehensive (addressing both indi-
19 vidual and corporate rates), so as to have the max-
20 imum economic impact by benefitting employers and
21 their employees regardless of how a business is
22 structured;

23 (3) results in tax revenue consistent with his-
24 torical norms;

1 (4) spurs greater investment, innovation and
2 job creation, and therefore increases economic activ-
3 ity and the size of the economy on a dynamic basis
4 as compared to the current tax code; and

5 (5) makes American workers and businesses
6 more competitive by—

7 (A) creating a stable, predictable tax code
8 under which families and employers are best
9 able to plan for the future;

10 (B) keeping taxes on small businesses low;

11 (C) reducing America’s corporate tax rate,
12 which is currently the highest in the industri-
13 alized world;

14 (D) maintaining a level of parity between
15 individual and corporate rates to reduce eco-
16 nomic distortions;

17 (E) promoting innovation in the United
18 States;

19 (F) transitioning to a globally competitive
20 territorial tax system;

21 (G) minimizing the double taxation of in-
22 vestment and capital; and

23 (H) reducing the impact of taxes on busi-
24 ness decision-making to allow such decisions to
25 be driven by their economic potential.

1 **SEC. 3. EXPEDITED CONSIDERATION OF A MEASURE PRO-**
2 **VIDING FOR COMPREHENSIVE TAX REFORM.**

3 (a) DEFINITION.—For purposes of this section, the
4 term “tax reform bill” means a bill of the 113th Con-
5 gress—

6 (1) introduced in the House of Representatives
7 by the chair of the Committee on Ways and Means
8 not later than April 30, 2013, or the first legislative
9 day thereafter if the House is not in session on that
10 day, the title of which is as follows: “A bill to pro-
11 vide for comprehensive tax reform.”; and

12 (2) which is the subject of a certification under
13 subsection (b).

14 (b) CERTIFICATION.—The chair of the Joint Com-
15 mittee on Taxation shall notify the House and Senate in
16 writing whenever the chair of the Joint Committee deter-
17 mines that an introduced bill described in subsection
18 (a)(1) contains at least each of the following proposals:

19 (1) a consolidation of the current 6 individual
20 income tax brackets into not more than two brackets
21 of 10 and not more than 25 percent;

22 (2) a reduction in the corporate tax rate to not
23 greater than 25 percent;

24 (3) a repeal of the Alternative Minimum Tax;

1 (4) a broadening of the tax base to maintain
2 revenue between 18 and 19 percent of the economy;
3 and

4 (5) a change from a “worldwide” to a “terri-
5 torial” system of taxation.

6 (c) EXPEDITED CONSIDERATION IN THE HOUSE OF
7 REPRESENTATIVES.—

8 (1) Any committee of the House of Representa-
9 tives to which the tax reform bill is referred shall re-
10 port it to the House not later than 20 calendar days
11 after the date of its introduction. If a committee
12 fails to report the tax reform bill within that period,
13 such committee shall be automatically discharged
14 from further consideration of the bill.

15 (2) If the House has not otherwise proceeded to
16 the consideration of the tax reform bill upon the ex-
17 piration of 15 legislative days after the bill has been
18 placed on the Union Calendar, it shall be in order
19 for the Majority Leader or a designee (or, after the
20 expiration of an additional 2 legislative days, any
21 Member), to offer one motion that the House resolve
22 into the Committee of the Whole House on the state
23 of the Union for the consideration of the tax reform
24 bill. The previous question shall be considered as or-
25 dered on the motion to its adoption without inter-

1 vening motion except 20 minutes of debate equally
2 divided and controlled by the proponent and an op-
3 ponent. If such a motion is adopted, consideration
4 shall proceed in accordance with paragraph (3). A
5 motion to reconsider the vote by which the motion
6 is disposed of shall not be in order.

7 (3) The first reading of the bill shall be dis-
8 pensed with. General debate shall be confined to the
9 bill and shall not exceed 4 hours, equally divided and
10 controlled by the chair and ranking minority mem-
11 ber of the Committee on Ways and Means. At the
12 conclusion of general debate, the bill shall be read
13 for amendment under the five-minute rule. Any com-
14 mittee amendment shall be considered as read. At
15 the conclusion of consideration of the bill for amend-
16 ment the Committee shall rise and report the bill to
17 the House with such amendments as may have been
18 adopted. The previous question shall be considered
19 as ordered on the bill and amendments thereto to
20 final passage without intervening motion except one
21 motion to recommit with or without instructions. A
22 motion to reconsider the vote on passage of the bill
23 shall not be in order.

24 (d) EXPEDITED CONSIDERATION IN THE SENATE.—

1 (1) COMMITTEE CONSIDERATION.—A tax re-
2 form bill, as defined in subsection (a), received in
3 the Senate shall be referred to the Committee on Fi-
4 nance. The Committee shall report the bill not later
5 than 15 calendar days after receipt of the bill in the
6 Senate. If the Committee fails to report the bill
7 within that period, that committee shall be dis-
8 charged from consideration of the bill, and the bill
9 shall be placed on the calendar.

10 (2) MOTION TO PROCEED.—Notwithstanding
11 rule XXII of the Standing Rules of the Senate, it is
12 in order, not later than 2 days of session after the
13 date on which the tax reform bill is reported or dis-
14 charged from committee, for the majority leader of
15 the Senate or the majority leader’s designee to move
16 to proceed to the consideration of the tax reform
17 bill. It shall also be in order for any Member of the
18 Senate to move to proceed to the consideration of
19 the tax reform bill at any time after the conclusion
20 of such 2-day period. A motion to proceed is in order
21 even though a previous motion to the same effect
22 has been disagreed to. All points of order against
23 the motion to proceed to the tax reform bill are
24 waived. The motion to proceed is not debatable. The
25 motion is not subject to a motion to postpone.

1 (3) CONSIDERATION.—No motion to recommit
2 shall be in order and debate on any motion or appeal
3 shall be limited to one hour, to be divided in the
4 usual form.

5 (4) AMENDMENTS.—All amendments must be
6 relevant to the bill and debate on any amendment
7 shall be limited to 2 hours to be equally divided in
8 the usual form between the opponents and pro-
9 ponents of the amendment. Debate on any amend-
10 ment to an amendment, debatable motion, or appeal
11 shall be limited to 1 hour to be equally divided in
12 the usual form between the opponents and pro-
13 ponents of the amendment.

14 (5) VOTE ON PASSAGE.—If the Senate has pro-
15 ceeded to the bill, and following the conclusion of all
16 debate, the Senate shall proceed to a vote on pas-
17 sage of the bill as amended, if amended.

18 (e) CONFERENCE IN THE HOUSE.—If the House re-
19 ceives a message that the Senate has passed the tax re-
20 form bill with an amendment or amendments, it shall be
21 in order for the chair of the Committee on Ways and
22 Means or a designee, without intervention of any point of
23 order, to offer any motion specified in clause 1 of rule
24 XXII.

1 (f) CONFERENCE IN THE SENATE.—If the Senate re-
2 ceives from the House a message to accompany the tax
3 reform bill, as defined in subsection (a), then no later than
4 two session days after its receipt—

5 (1) the Chair shall lay the message before the
6 Senate;

7 (2) the motion to insist on the Senate amend-
8 ment or disagree to the House amendment or
9 amendments to the Senate amendment, the request
10 for a conference with the House or the motion to
11 agree to the request of the House for a conference,
12 and the motion to authorize the Chair to appoint
13 conferees on the part of the Senate shall be agreed
14 to; and

15 (3) the Chair shall then be authorized to ap-
16 point conferees on the part of the Senate without in-
17 tervening motion, with a ratio agreed to with the
18 concurrence of both leaders.

19 (g) RULEMAKING.—This section is enacted by the
20 Congress as an exercise of the rulemaking power of the
21 House of Representatives and Senate, respectively, and as
22 such is deemed a part of the rules of each House, respec-
23 tively, or of that House to which they specifically apply,
24 and such procedures supersede other rules only to the ex-
25 tent that they are inconsistent with such rules; and with

- 1 full recognition of the constitutional right of either House
- 2 to change the rules (so far as relating to the procedures
- 3 of that House) at any time, in the same manner, and to
- 4 the same extent as any other rule of that House.

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