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.

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Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Pathway to Job Creation through a Simpler, Fairer Tax Code Act of 2012”.

SEC. 2. FINDINGS AND PURPOSES.

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

(1) The tax code is unfair, containing hundreds of provisions that only benefit certain special interests, resulting in a system of winners and losers.

(2) The tax code violates the fundamental principle of equal justice by subjecting families in similar circumstances to significantly different tax bills.

(3)(A) Many tax preferences, sometimes referred to as “tax expenditures,” are similar to government spending—instead of markets directing economic resources to their most efficient uses, the Government directs resources to other uses, creating a drag on economic growth and job creation.

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

(C) In some cases, tax subsidies can literally take the form of spending through the tax code, re-
distributing taxes paid by some Americans to individuals and businesses who do not pay any income taxes at all.

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

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

(6) The tax code’s complexity leads nearly nine out of ten families either to hire tax preparers (60 percent) or purchase software (29 percent) to file their taxes, while 71 percent of unincorporated businesses are forced to pay someone else to prepare their taxes.

(7) The cost of complying with the tax code is too burdensome, forcing individuals, families, and employers to spend over six billion hours and over $160 billion per year trying to comply with the law and pay the actual tax owed.
(8) Compliance with the current tax code is a financial hardship for employers that falls disproportionately on small businesses, which spend an average of $74 per hour on tax-related compliance, making it the most expensive paperwork burden they encounter.

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

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

(11) The current tax code is highly punitive, with a top Federal individual income tax rate of 35 percent (which is set to climb to over 40 percent in 2013 when taking into account certain hidden rates), meaning some Americans could face a combined local, State and Federal tax rate of 50 percent.
(12) The tax code contains harmful provisions, such as the Alternative Minimum Tax (AMT), which was initially designed to affect only the very highest-income taxpayers but now threatens more than 30 million middle-class households because of a flawed design.

(13) As of April 1, 2012, the United States achieved the dubious distinction of having the highest corporate tax rate (39.2 percent for Federal and State combined) in the developed world.

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

(15) The United States has become an outlier in that it still uses a “worldwide” system of taxation—one that has not been substantially reformed in 50 years, when the United States accounted for nearly half of global economic output and had no serious competitors around the world.

(16) The combination of the highest corporate tax rate with an antiquated “worldwide” system subjects American companies to double taxation when
they attempt to compete with foreign companies in overseas markets and then reinvest their earnings in the United States.

(17) The Nation’s outdated tax code has contributed to the fact that the world’s largest companies are more likely to be headquartered overseas today than at any point in the last 50 years: In 1960, 17 of the world’s 20 largest companies were based in the United States; by 2010, that number sank to a mere six out of 20.

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

(19) The United States’ overall taxation of capital is higher than all but four of the 38 countries that make up the OECD and the BRIC (Brazil, Russia, India and China).

(b) PURPOSES.—It is the purpose of this Act to provide for enactment of comprehensive tax reform in 2013 that—
(1) protects taxpayers by creating a fairer, simpler, flatter tax code for individuals and families by—

(A) lowering marginal tax rates and broadening the tax base;

(B) eliminating special interest loopholes;

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

(D) repealing the Alternative Minimum Tax;

(E) maintaining modern levels of progressivity so as to not overburden any one group or further erode the tax base;

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

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

(2) is comprehensive (addressing both individual and corporate rates), so as to have the maximum economic impact by benefitting employers and their employees regardless of how a business is structured;

(3) results in tax revenue consistent with historical norms;
(4) spurs greater investment, innovation and job creation, and therefore increases economic activity and the size of the economy on a dynamic basis as compared to the current tax code; and

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

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

(B) keeping taxes on small businesses low;

(C) reducing America’s corporate tax rate, which is currently the highest in the industrialized world;

(D) maintaining a level of parity between individual and corporate rates to reduce economic distortions;

(E) promoting innovation in the United States;

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

(G) minimizing the double taxation of investment and capital; and

(H) reducing the impact of taxes on business decision-making to allow such decisions to be driven by their economic potential.
SEC. 3. EXPEDITED CONSIDERATION OF A MEASURE PROVIDING FOR COMPREHENSIVE TAX REFORM.

(a) DEFINITION.—For purposes of this section, the term “tax reform bill” means a bill of the 113th Congress—

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

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

(b) CERTIFICATION.—The chair of the Joint Committee on Taxation shall notify the House and Senate in writing whenever the chair of the Joint Committee determines that an introduced bill described in subsection (a)(1) contains at least each of the following proposals:

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

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

(3) a repeal of the Alternative Minimum Tax;
(4) a broadening of the tax base to maintain revenue between 18 and 19 percent of the economy; and

(5) a change from a “worldwide” to a “territorial” system of taxation.

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

(1) Any committee of the House of Representatives to which the tax reform bill is referred shall report it to the House not later than 20 calendar days after the date of its introduction. If a committee fails to report the tax reform bill within that period, such committee shall be automatically discharged from further consideration of the bill.

(2) If the House has not otherwise proceeded to the consideration of the tax reform bill upon the expiration of 15 legislative days after the bill has been placed on the Union Calendar, it shall be in order for the Majority Leader or a designee (or, after the expiration of an additional 2 legislative days, any Member), to offer one motion that the House resolve into the Committee of the Whole House on the state of the Union for the consideration of the tax reform bill. The previous question shall be considered as ordered on the motion to its adoption without inter-
vancing motion except 20 minutes of debate equally
divided and controlled by the proponent and an op-
ponent. If such a motion is adopted, consideration
shall proceed in accordance with paragraph (3). A
motion to reconsider the vote by which the motion
is disposed of shall not be in order.

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

(d) Expedited Consideration in the Senate.—
(1) **Committee Consideration.**—A tax reform bill, as defined in subsection (a), received in the Senate shall be referred to the Committee on Finance. The Committee shall report the bill not later than 15 calendar days after receipt of the bill in the Senate. If the Committee fails to report the bill within that period, that committee shall be discharged from consideration of the bill, and the bill shall be placed on the calendar.

(2) **Motion to Proceed.**—Notwithstanding rule XXII of the Standing Rules of the Senate, it is in order, not later than 2 days of session after the date on which the tax reform bill is reported or discharged from committee, for the majority leader of the Senate or the majority leader’s designee to move to proceed to the consideration of the tax reform bill. It shall also be in order for any Member of the Senate to move to proceed to the consideration of the tax reform bill at any time after the conclusion of such 2-day period. A motion to proceed is in order even though a previous motion to the same effect has been disagreed to. All points of order against the motion to proceed to the tax reform bill are waived. The motion to proceed is not debatable. The motion is not subject to a motion to postpone.
(3) CONSIDERATION.—No motion to recommit shall be in order and debate on any motion or appeal shall be limited to one hour, to be divided in the usual form.

(4) AMENDMENTS.—All amendments must be relevant to the bill and debate on any amendment shall be limited to 2 hours to be equally divided in the usual form between the opponents and proponents of the amendment. Debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour to be equally divided in the usual form between the opponents and proponents of the amendment.

(5) VOTE ON PASSAGE.—If the Senate has proceeded to the bill, and following the conclusion of all debate, the Senate shall proceed to a vote on passage of the bill as amended, if amended.

(e) CONFERENCE IN THE HOUSE.—If the House receives a message that the Senate has passed the tax reform bill with an amendment or amendments, it shall be in order for the chair of the Committee on Ways and Means or a designee, without intervention of any point of order, to offer any motion specified in clause 1 of rule XXII.
(f) **CONFERENCE IN THE SENATE.**—If the Senate receives from the House a message to accompany the tax reform bill, as defined in subsection (a), then no later than two session days after its receipt—

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

(2) the motion to insist on the Senate amendment or disagree to the House amendment or amendments to the Senate amendment, the request for a conference with the House or the motion to agree to the request of the House for a conference, and the motion to authorize the Chair to appoint conferees on the part of the Senate shall be agreed to; and

(3) the Chair shall then be authorized to appoint conferees on the part of the Senate without intervening motion, with a ratio agreed to with the concurrence of both leaders.

(g) **RULEMAKING.**—This section is enacted by the Congress as an exercise of the rulemaking power of the House of Representatives and Senate, respectively, and as such is deemed a part of the rules of each House, respectively, or of that House to which they specifically apply, and such procedures supersede other rules only to the extent that they are inconsistent with such rules; and with
full recognition of the constitutional right of either House
to change the rules (so far as relating to the procedures
of that House) at any time, in the same manner, and to
the same extent as any other rule of that House.
H. R. 6169
[Report No. 112-629]

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