



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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**Opening Statement of U.S. Senator Max Baucus (D-Mont.)
To consider the nomination of Mr. Eric Solomon,
to be Assistant Secretary of the Treasury for Tax Policy
Hearing before the Senate Finance Committee**

Unlike many nominees, Eric Solomon is not a newcomer. For seven years, he has worked in the Tax Policy office. For two long years, the administration conducted a nationwide search for the right person to run the office. Then they finally looked down the hall. In Mr. Solomon, they found an excellent nominee.

Saint Augustine said: "Patience is the companion of wisdom." Mr. Solomon, after your wait, you must be very, very wise.

There are two issues that I would like to raise with you today. One is a passion of mine: finding a way to close the tax gap. The other is apparently a passion of your office: fundamental tax reform.

The tax gap is the difference between what taxpayers legally owe and what they actually pay. The IRS estimates that the gap is \$345 billion a year. And that figure is increasing.

Earlier this year, I asked your former boss, Secretary Snow, to provide me a plan for addressing the tax gap. To date, I have received no plan.

Earlier this month, I asked the IRS Commissioner for the same thing. He has promised to do so by October 1.

Last month, I asked your new boss, Secretary Paulson, for a plan on the tax gap by October 1. He demurred, stating that it was hard to promise that result before he was on the job.

Mr. Solomon, in the years that you have been at the Treasury Department, the Department responded quickly and skillfully to the Asian financial crisis, the bursting of the dot com bubble, and the tragic events of 9/11. When the Treasury Department faces a challenge, it can deliver.

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I hope that you can deliver on the promise to develop concrete ways to close the tax gap. All of us here in Congress, along with millions of compliant taxpayers, are counting on it.

Like you, Mr. Solomon, I can be a patient man. But I have my limits.

Second, the Treasury Department has been considering the recommendations of the President's tax reform panel. Your office performed a dynamic analysis of the two recommended plans and of a third consumption tax plan. Officials from your division have been publicly touting the benefits of a consumption tax.

I would like to hear your thoughts on what sounds like an endorsement of that plan. I would like to ask whether Treasury will be pursuing a consumption tax.

François Rabelais wrote: "All's well in the end, if you've only the patience to wait." And so, Mr. Solomon, now it's your turn. And may your patience soon be rewarded with timely confirmation.

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