

Crapo Statement at Hearing on Inequality and the Tax Code

April 20, 2021

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled, “Combatting Inequality: The Tax Code and Racial, Ethnic, and Gender Disparities.”

The text of Ranking Member Crapo’s remarks, as prepared, is below.

“Welcome to our witnesses. I look forward to hearing your experiences, thoughts, and ideas today.

“There are questions of whether tax code by itself leads to differing impacts across race, gender, age or geography, or whether it is underlying income, wealth, asset-holding, or job-type disparities that principally cause differing results.

“Underlying disparities are key, and it is important to know about them. There are a variety of disparities in measures of income, wealth and assets across many dimensions.

“Examining the disparities using statistics shows a variety of results, along with changes in results over time. The Pew Research Center, for example, recently identified that income inequality for Asian Americans rose to become the highest among racial and ethnic groups.

“Underlying causes of these disparities are not entirely clear, since causality is difficult to establish. As a result, there are different views.

“Some views focus on government policies, while others stress inequities in opportunities for education and asset building along with changing patterns of family formation and institutions like marriage.

“Today, our witnesses will provide perspectives on the income tax system, barriers to opportunity, policy solutions we should consider, and economics.

“Prior to the pandemic, the United States was experiencing one of the strongest economies across demographics in decades.

“With the Tax Cuts and Jobs Act in place, and an agenda focused on smart regulation, we saw progress along many dimensions, including: record low unemployment rates for African Americans, Hispanics, and others; 50-year lows in overall unemployment; robust wage gains skewed toward lower-wage earners; record high household incomes; and record low poverty.

“The TCJA included a number of provisions to make the personal income tax system more progressive, including doubling the child tax credit, nearly doubling the standard

deduction, and features such as Opportunity Zones to inject more financial capital into distressed communities.

“It will be increasingly challenging to return to an economy as robust as we saw before the pandemic with the endless streams of tax hikes and regulation that the current Administration continues to propose.

“Going the *opposite* direction of combating inequality in the tax code are efforts to roll back the cap placed by TCJA on the state-and-local tax—or SALT—deduction.

“I expect some of the proposals we will hear about today will have promise, and others may not actually get to the root of the problems we are addressing. I am eager to hear more.

“Whatever we consider, it will be important that policies are developed on a bipartisan basis. No one party has a monopoly on good ideas, and any work on persistent barriers to opportunity will ultimately fail if done in a partisan fashion.

“I look forward to our hearing today Mr. Chairman, and thank you.”

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