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## **Hatch Opening Statement at Finance Hearing on Progress of New Tax Law**

**WASHINGTON** – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a Senate Finance Committee hearing to discuss the status and implementation of the new tax law:

*Before we get into the meat of today's hearing, I'd like to thank Senator Wyden and Senator Scott for suggesting this meeting.*

*I look forward to having a conversation about the important changes we made in our tax reform bill and what kinds of technical corrections we might make to ensure the law is implemented as Congress intended.*

*As we gather to discuss ways to make tax reform even better, let's remind ourselves: every member who actively participated in drafting the bill should be proud of the new tax law. We were proud when we passed it, and we are even prouder now as all across the nation, evidence affirms that the new law is tangibly benefiting millions of Americans.*

*More than 500 companies have announced wage hikes, increased benefits, more jobs, and increased investment or expansion in the United States thanks to the new law.*

*For example, in the past month, Kroger announced it will spend \$500 million on employee compensation; Verizon is doubling its commitment to STEM education—helping hundreds of schools and millions of students; and a new study by the National Association of Manufacturers shows that 93 percent of manufacturers are optimistic about the future—in large part thanks to a tax code that works for American innovators and manufacturers.*

*Numerous other studies show increasing optimism among American business leaders—rising right along with wages and employment numbers. American individuals, too, are becoming more supportive of the law as they witness the benefits it brings to businesses and households.*

*Though only 37 percent approved of the law when it was passed in December, more than 50 percent expressed support in February, according to a New York Times poll. Among Democrats, support rose by more than 10 percent in the same time period. It's hard to deny a truth that expands your pocketbook.*

*Now I'll be the first to admit that, good as it is, there are things we could have done to make the bill even better.*

*Unfortunately, that's largely because Democrats refused to positively participate in writing the bill.*

*In fact, the only efforts I saw coming from the other side were to undercut our efforts, put on political theater, and prevent us from even adopting their own ideas from the very beginning.*

*For anyone out of touch enough to think that I would just throw my good friends under the bus for no reason, let me give you a quick history.*

*Last July, 45 of our Democratic colleagues wrote us what can only be called a legislative ransom note. That letter included a list of "prerequisites"—including a requirement that we agree, up-front, to never use the reconciliation process used to pass numerous bipartisan tax bills over the last few decades.*

*Now, I tend to think that while such bellicose political tactics certainly don't help getting good bipartisan legislation, they should not preclude both sides from at least talking to each other afterward.*

*Unfortunately, it seems that my expectations after more than 40 years of Senatorial service were proven wrong, once again.*

*As we continued to work on our draft bill, I was saddened, and rather stunned, at the lack of meaningful interaction from the Democrats on this committee.*

*In fact, I did not hear anything of substance until we had already spent months writing a draft bill that we introduced in committee. Once we got there, we were glad to finally hear some of the thoughts my Democratic colleagues had. In the end, we happily included six amendments supported by eight different Democrats on this committee.*

*Now, if you're listening to this and thinking that this is just a bit of political theater, I would understand. Truly, I think you had to be there to believe it, and the craziest part is, it didn't end there.*

*Just as we began to negotiate the final bill before we got to the floor, I was stunned by the base partisanship that had grabbed hold of my long-time friends on the other side.*

*In fact, as just one example of this, Democrats slashed their own provision to fund the Volunteer Income Tax Assistance program, which helps low-income, disabled, and non-English speaking taxpayers with their filings for free. No one, on principle, disliked this provision. Democrats just didn't want a good thing in the tax law. So they used a parliamentary procedure to gut their own amendment from the bill behind closed doors.*

*And their partisan charade didn't end there. In fact, they used the Byrd rule to excise the title and the table of contents. If someone thinks the tax reform is too complicated, that's in large part because there is not a Table of Contents—something most readers like when thumbing through more than 100 pages of legislative text—but that's what the other side insisted upon. Honestly, I cannot recall ever seeing something like that in my more than 40 years here in the Senate.*

*And all of that was just a sign of how desperate the other side was. They didn't care what they cut nor did they care about any sense of earnest review.*

*Now, I'm not a Senator with a flare for the dramatic. That's why I didn't bring this up at the time. Nor did any of my colleagues that I know of. Because, frankly, we were too busy trying to help the rest of America get a tax code that actually works.*

*That's why, when the bill did pass, it came with plenty of provisions so good that all Americans can be pleased with them, no matter their political party.*

*For example, Opportunity Zones, established in a measure proposed by Senator Scott, draws investment to Americans in impoverished regions of the country.*

*Additionally, across the board, tax rates have tumbled down. Individuals of all income levels will see tax cuts, with the typical family of four making the median family income of \$75,000 a year seeing their taxes cut by more than half. And the corporate tax rate has been cut from 35 percent to 21 percent, which will keep America competitive in the global economy.*

*Not only is this a big boon for American businesses, but it helps their employees too, in the form of higher wages, more jobs, and increased retirement savings and benefits. These are real dollars that give middle-class Americans more money in their pockets every month. Money they worked for and deserve more than the bloated and overgrown government does.*

*We made sure the law creates proper incentives. We made our international tax system a territorial one, ensuring that American companies are more competitive overseas and*

*encouraging them to bring earnings and investment back home. Again, that was a bipartisan proposal that we've discussed for years, and I'm glad we were finally able to enact it into law. We doubled the child tax credit and expanded its refundability. Again, another bipartisan proposal my colleagues could never seem to get passed into law.*

*We also doubled the standard deduction. Taken all together, provisions like these are the reason JCT found that the overall distribution of the new tax bill is directed toward the middle class.*

*Since I'm on that topic, I'd like to mention briefly a response to some concerns I've heard about section 199A. It is true that many small business owners are going to have their taxes cut. We did that very much intentionally. And even CBO has explicitly stated that these cuts will help grow small businesses.*

*In fact, they recently said that tax reductions for small businesses will increase after-tax returns on investment and boost investment by pass-through businesses. That increased investment means that their businesses grow—hiring new employees, growing the communities around them, and generally benefitting the American economy. All worthy goals none of us should be ashamed of.*

*And these businesses are a major part of our economy, I might add. According to the Small Business Administration, our most recent numbers indicate there are 29.6 million small businesses in the United States. They make up 99.9 percent of all firms and 99.7 percent of firms with paid employees. From 1993 to 2016, small businesses accounted for 61.8 percent of net new jobs. And the majority of those small employer businesses are pass-through businesses.*

*So let me pose a question back to my colleagues, why would we not want to get more money back to these business owners so that they can grow their businesses, hire more employees, and improve our economy? I honestly can't think of a reason.*

*As much as we've done, though, the work isn't over. And that's reason for optimism. As we make technical corrections to the bill—par for the course for any major tax bill—we'll be able to enhance what the law already does well, ensuring that Americans get tax relief, more jobs, and better wages.*

*We'll also look ahead to implementation. After all, Americans are just starting to see some of the many benefits of this law. Besides the wage boosts, bonuses, and other benefits they've started to receive, Americans will see yet more benefits next year when they file their taxes at lower rates and with larger credits and deductions.*

*In order to continue seeing all of those benefits, though, we need to ensure that the law is implemented as intended by Congress. That means having the proper people at Treasury and the IRS who can ensure a fulsome and thoughtful process.*

*Confirming our nominees in short order will be a critical part of ensuring all of the right people are on duty for this critical endeavor. That includes Mr. Charles Rettig, who has been nominated to serve as IRS commissioner. I look forward to processing his nomination in short order, though with the thoroughness this Committee is known for, and I also look forward to getting Mr. David Kautter back to Treasury, where he can start implementing the new law.*

*For all of these reasons, I truly believe there is reason for optimism. And now that our political theater is moot, I am anxious to get back to our bipartisan tradition in this committee. Surely we can work on all this in a bipartisan manner—reaching across the aisle to ensure fairness in our tax code and in its implementation.*

*Before I finish, I want to point out that the tax law is, in one sense, already a bipartisan bill. True, one party refused to participate and did everything it could to make the bill too poor to pass. But many Democratic priorities were included in the bill, such as Senator Menendez's sexual harassment proposal, and lowering the bottom tax brackets. Senator Wyden himself has long supported lowering of the corporate tax rate, as did President Obama, and we were finally able to do so.*

*I'm proud of my history of bipartisanship in the Senate. And now, perhaps more than we have had for years, we have a chance to move forward together. I look forward to working across the aisle to enhance the new tax law to be the best it can be.*

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