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Wyden Statement at Finance Committee Hearing on Corporate Integration
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One of the biggest challenges in tax reform is figuring out the right ways to slash the thicket of tax rules that today have too much influence over our economy.

Democrats and Republicans, in my view, share the goal of getting the tax code out of the businesses of picking economic winners and losers.

That's why I've put forward proposals for a technology-neutral energy tax policy that cuts energy subsidies in half, a simpler set of depreciation rules that ends the expensing headaches for small businesses, and closing the loopholes on financial tricksters who want to rip off the system at the expense of middle class taxpayers.

Another major question is how tax reform should unwind the code's bias in favor of taking on debt. For businesses, this issue is all about how you're going to finance investment, growth and hiring.

Maybe you've designed a new product line and you need to build a facility to produce it. Maybe you need to put up new cell towers with the latest technology. Or maybe your firm is ready to launch a west-coast branch and hire a new team, and you've made just the right decision – you're setting up shop in Oregon.

The question is whether you're going to finance those plans with debt, by selling bonds, or with equity, by selling stock. Today the tax code pushes businesses toward debt with a tax write-off for interest payments on the bonds they sell.

Without any question, that has a big influence over our economy. On one hand, it makes bonds an attractive investment tool. But on the other hand, there are probably a lot of businesses with debt that they wouldn't have taken on if the tax code didn't encourage it.

In my view, business decisions should be made for business reasons, not tax reasons. And I believe reducing the tax code's economic distortions is a bipartisan proposition when it comes to tax reform.

Today the committee is continuing its examination of a proposal known as corporate integration, which is one strategy that has been put forward as a way to help limit the preference for debt. It would accomplish that by offering companies a write-off for dividend payments they make to their shareholders. Americans have questions about how you'd finance that tax cut, other than by withholding some amount from dividend and bond interest payments.

This is a complicated area of tax policy, and any change would no doubt have big effects on our economy, so it's an important issue for the committee to dissect.

I want to thank our witnesses for joining the committee here today, and I look forward to your testimony.

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