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Hatch Statement at Finance Hearing on Administration's Treasury Budget Request & Tax Reform Policy Options

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing to examine the Administration's fiscal year (FY) 2018 budget request for the Treasury Department and current policies to overhaul the nation's tax code:

Today's hearing has a dual focus. We will discuss the President's Budget for Fiscal Year 2018 as well as ongoing efforts to reform our nation's tax code.

We are pleased to be joined here today by Treasury Secretary Steven Mnuchin, who will provide the administration's perspective on these important issues.

Welcome back to the Finance Committee, Secretary Mnuchin. As this is your first budget hearing before this committee, let me warn you: These hearings tend to be pretty grueling, but that is a necessary part, not only of the budget process, but also of the committee's oversight function.

But, not to worry, I think you're up to the challenge.

Let me begin by saying a few words about the President's Budget.

Obviously, we're all still absorbing the finer details of the proposed budget. But, at this point, I can say definitively that I applaud the President for his focus on advancing pro-growth policies to get our economy moving. And I share the administration's concerns about our debt, which ballooned by nearly doubling under the previous administration.

The President's budget envisions increased economic growth that eventually reaches three percent.

As I understand it, that vision relies on implementation of a number of policies, including

pro-growth tax reform, cutting unnecessary regulation, building infrastructure, reforming health care, boosting energy production, and reducing deficits that would significantly improve the supply side of the economy.

Of course, it is not unheard of that an administration places belief in the efficacy of its policy proposals.

For example, in former President Obama's fiscal year 2010 budget, growth was assumed to get to as high as 4.6%, and was assumed to average 3.8% over an extended eight year period. And that was premised on the administration's belief in its policy prescriptions.

So, while critics may want to criticize the optimistic nature of the budget's growth projections, it is, I believe, more realistic than a number of budget proposals we've seen, particularly some that came from the previous administration.

I also share the overall goal in the budget to reduce deficits without raising taxes, keeping in mind that our nation's debt nearly doubled during the previous administration.

We have a number of difficult choices ahead of us as we work to address inefficiencies and reform wasteful programs and agencies, and that difficulty is reflected in the budget. I look forward to continuing to examine the various proposals and to hearing Secretary Mnuchin's insights about the items in the budget.

Now, I'd like to spend a few minutes discussing the other element of today's hearing: tax reform.

For six years now, I have been beating the drum on tax reform.

I've sought to make the case for reform here in the committee, on the Senate floor, in public forums and events, and in private conversations. And, I haven't been alone. There has been a bipartisan recognition – one that I think is growing more by the day – that our current tax system doesn't work.

Throughout this endeavor, I've stated numerous times that, if it's going to be successful, we will need to see engagement from the President. And, before anyone writes that off as a political statement, let me make it clear that I wasn't simply advocating for the election of a Republican president. On the contrary, I repeatedly implored President Obama to engage with Congress on tax reform, but to no avail.

The current administration put out a tax reform framework earlier this month, one that I think can serve as an outline as this effort moves forward, keeping in mind that, as with any major undertaking, we'll need to be realistic and commit to practicing the art of the doable.

I expect that you'll get a number of questions about the tax plan here today, Secretary

Mnuchin. In addition, I expect we'll hear a lot about the process by which tax reform will move through Congress.

On that point, we've already heard a few demands from my friends on the other side of the aisle, stated as if they were preconditions for any serious engagement on tax reform. My hope is that these aren't really preconditions, but, still, I do want to address one of them briefly here today.

One of the demands we've heard is that Republicans abandon the use of budget reconciliation for tax reform. This, in my view, is an odd demand.

Historically speaking, most major tax bills that have moved through reconciliation have had bipartisan support. In fact, in the past, when Republicans have controlled the House and Senate along with the White House, all of our tax reconciliation bills have enjoyed some Senate Democratic support.

If we can reach agreements on policy, there is absolutely no reason why Democrats couldn't agree to support a tax reform package moved through reconciliation.

I can't imagine a scenario in which my Democratic colleagues would be MORE amendable to compromising on tax reform policy if reconciliation is taken off the table. And, in fact, the only thing we'd accomplish by foreclosing the use of reconciliation would be to ensure that the minority would be able to more easily block any bill from passing, which is a strange demand to make before beginning a good-faith negotiation.

In any event, whether this is truly a precondition or simply a rhetorical point on the part of my colleagues, let me be clear: My strong preference is that our tax reform efforts be bipartisan. I have reached out to my colleagues on both sides of the aisle and sincerely hope that both parties can be at the table.

I think I've more than adequately demonstrated my willingness to work with my Democratic colleagues on this committee and elsewhere. My intention is to continue working with my Democratic colleagues on tax reform, so long as they are willing to engage.

I don't want to speak for Secretary Mnuchin today, but I think it's safe to say that he share's this desire and is similarly committed to working with our Democratic colleagues on this effort.

With that, let me once again thank Secretary Mnuchin for being here today. I look forward to a rigorous and thoughtful discussion of these and other issues.

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