

**Crapo Statement at Hearing on the 2025 Tax Policy Debate**  
*September 12, 2024*

**Washington, D.C.**--U.S. Senate Finance Committee Ranking Member Mike Crapo (R-Idaho) delivered the following remarks at a hearing entitled, "The 2025 Tax Policy Debate and Tax Avoidance Strategies."

*As prepared for delivery:*

"Thank you, Mr. Chairman. This hearing is a timely hearing on one of the more critical issues that will face our nation next year and frankly, is facing us right now.

"We'll have an opportunity to talk about the reality of the 2017 Tax Cuts and Jobs Act (TCJA), which is the focus of the debate next year, and what it really does.

"The reality, contrary to what is often said by my colleagues on the other side of the aisle, is that the TCJA that was put into place when the Republicans and President Trump controlled the congress, had a massive positive effect on everyone in America.

"The economy grew to be the strongest economy, I think, in any of our lifetimes, unemployment was at historic lows, wage growth and job growth was increasing month after month, inflation was at 2 percent rates, and we were moving ahead rapidly and strongly.

"Americans today, though, are rightly concerned about rising living costs, slow job growth and an unemployment rate that remains above 4 percent. Not to mention the inflation rate that cumulatively, over just the last three and a half years, is well over 20 percent.

"Taxpayers already face too much uncertainty as they look to work, save and invest in this economic environment. And given the litany of tax hike proposals on the table from many of my Democratic colleagues, no area is more uncertain as we head into this election than tax.

"When it comes to the 2025 tax policy debate, those proposing all these tax increases continue to avoid a fundamental question: will they allow the Tax Cuts and Jobs Act to expire and inflict multi-trillion-dollar tax hikes on the American people?

"Vice President Harris has largely avoided policy specifics and adopted rhetoric about taxing the wealthy and corporations, which ignores the reality of what our current tax code means for middle-income taxpayers.

"TCJA lowered tax rates across the board, providing trillions of dollars in tax savings, with middle-income taxpayers receiving the largest proportional benefit of the cuts.

“It also doubled the standard deduction, and doubled and expanded the child tax credit, which made the tax code simpler and provided targeted tax relief for the middle class.

“If these provisions are allowed to expire, individuals making less than \$400,000 per year would face a tax increase at the end of 2025 of more than \$2 trillion, breaking the Biden-Harris pledge not to impose tax hikes on the middle class.

“And that does not even account for inflation. By the end of this year, that pledge would need to be increased to nearly \$500,000 to account for the crushing inflation that families have experienced under the Biden-Harris Administration. The pledge also ignores the marriage penalty for couples who together make more than \$400,000, but who if filing separately would be well below it.

“Despite her promise to help those starting businesses, Vice President Harris has also not addressed the 20 percent deduction for pass-throughs—the chosen business form for 95 percent of American businesses. Small business owners have repeatedly said extending this deduction is their top priority, stressing that it enables them to create new jobs, pay their employees more and reinvest in their businesses.

“Unless Congress moves to extend these provisions by the end of next year, taxpayers would face the largest tax increase in U.S. history.

“Despite critics’ rhetoric that the TCJA was simply a ‘tax break for billionaires,’ the law provided a tax break for 80 percent of Americans, and actually limited tax breaks for the wealthy by reducing costly deductions.

“For example, the TCJA limited the state and local tax deduction (SALT), effectively a subsidy for many high-income residents in high-tax states like California and New York.

“In stark contrast, Senate Democrats pledged as recently as last month to end the cap on SALT, which even the left-leaning Tax Policy Center said would ‘overwhelmingly benefit high income households.’

“By endorsing the Biden budget, Vice President Harris is calling for \$5 trillion of tax increases on Americans, which would clearly hit Americans across the income spectrum, and hurt job creators and workers across the country: tax hikes on individuals and families; tax hikes on small business owners, including a top pass-through rate of 44.6 percent, which amounts to a tax increase of more than 50 percent; tax hikes on corporations, and we all know that the burden of the corporate tax is paid by workers, consumers and retirees; tax hikes on savings and investment; and another round of super-sized funding for IRS audits.

“Again, these far-left proposals are often presented under the guise of ‘taxing the rich’ and ‘paying one’s fair share.’

“But facts matter.

“And it remains indisputable that most of the federal tax burden is paid by high earners, and federal tax collections are near all-time highs.

“In fact, the TCJA made the tax code even more progressive, with the share of income taxes paid by high income earners actually increasing, while the bottom 50 percent of earners received the largest reduction in average tax rates.

“The Biden-Harris Administration has repeatedly—and falsely—claimed that the federal tax rate for high-income earners is only 8 percent, but the Joint Committee on Taxation recently confirmed their average rate is quadruple that amount, at 34 percent.

“As this Committee considers tax policy in the year ahead, the American people deserve more than empty platitudes and \$5 trillion in tax hike proposals that even a fully Democrat Congress could not pass.

“They deserve careful deliberation of policies that will provide economic growth, tax certainty and opportunities for all Americans.

“I am committed to helping *all* hardworking taxpayers get ahead and I will work with anyone, from either party, who is ready to focus on that priority.

“We have an excellent panel before us today.

“Thank you all for being here. I look forward to hearing your testimony.”