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Wyden Statement at Finance Hearing on Building a Competitive U.S. International Tax System
As Prepared for Delivery

Nine months ago, the Finance Committee came together in this very room for a hearing on how the broken U.S. tax code hurts our competitiveness around the world – how it hinders the drive to create red, white, and blue jobs that pay strong middle-class wages.

The discussion was dominated by the wave of tax inversions that was cresting at the time, pounding our shores and eroding our tax base. Headline after headline last summer announced that American companies were putting themselves on the auction block for foreign competitors. They'd find a buyer, headquarter overseas, and shrink their tax bills to the lowest possible levels. In the absence of comprehensive tax reforms from Congress, the Treasury undertook extraordinary measures aimed at slowing the erosion.

Nine months later, the Finance Committee is back for another hearing on international taxation. And the headlines are back, too. Once again, there's a wave cresting – and this one's even bigger.

These days, it's foreign firms circling in the water and looking to feast on American competitors, often in hostile takeovers. And just like before, American taxpayers could be on the hook subsidizing these deals.

There's an obvious lesson here. Our tax code is deeply broken. The next flaw that exposes itself—the next wave that appears on the horizon—may not be about inversions or hostile takeovers. But whenever one wave breaks, you can bet there's another one rolling in, ready to pound our economy and erode our tax base further. The dealmakers will always get around piecemeal policy changes. Nothing short of comprehensive tax reform will end the cycle.

There's been an awful lot of ink spilled on business pages and in magazines about the many ways our tax code is outdated and anticompetitive. The corporate tax rate puts the U.S. at a disadvantage. The system of tax deferral blocks investment in the U.S. like a self-imposed embargo. How fitting it is on St. Patrick's Day to shine a spotlight on mind-numbing strategies like the "Double Irish with a Dutch Sandwich" used to winnow down tax bills.

A modern tax code should fight gamesmanship and bring down the corporate rate to make American businesses more competitive. That's what my own bipartisan proposal would do—in fact, it has the lowest rate of any proposal to date.

It's legislative malpractice to sit by and let this situation fester. Congress can't expect the Treasury to keep playing whack-a-mole with every issue that pops up. The latest wave of cross-border gamesmanship shows that cannot work. So the Finance Committee will need to lead the way on tax reform.

In my view, our end goals are bipartisan – a tax code that supercharges America's competitiveness in tough global markets, draws investment to the U.S. and creates high-skill, high-wage jobs in Oregon and across the country. It'll take a lot of work and political will to get there, but in the meantime, the waves will keep crashing and our tax base will keep eroding. So it should be clear to everybody what has to be done.

Thank you to all our witnesses for being here today—I'm looking forward to a fruitful discussion.

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