

Council for Sound Tax Policy: Applauds Senate Finance Committee for requesting input on tax reform

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Contact: info@soudtaxpolicy.com

[Madison, Wis.] – Yesterday, the Council for Sound Tax Policy submitted written comments regarding potential tax reform to the United State Senate’s Finance Committee.

Senator Orrin Hatch recently requested that stakeholders throughout the nation provide ideals, proposals, and feedback on how to improve America’s tax system. The comments were due to the committee on July 17, 2017.

The Council for Sound Tax Policy submitted comments to the committee, a full transcript of the letter submitted by the council can be found below.

“The Council for Sound Tax Policy realizes that America’s tax system is broken,” said Peter Prickett, board member of the Council for Sound Tax Policy. “It is time for our nation’s policy makers to stand together and make meaningful reforms that will give everyday American’s a chance at a brighter future through a fair and balanced taxation structure.”

Full Transcript of Letter submitted to the Senate Finance Committee can be read below or click [HERE](#):

July 14, 2017

VIA E-MAIL

Senate Committee on Finance
219 Dirksen Senate Office Building

Washington, DC 20510-6200

Dear Honorable Members of the Senate Committee on Finance,

The Council for Sound Tax Policy (“CSTP”) is a nonprofit organization dedicated to the promotion of tax policies that adhere to the principles of simplicity, transparency, stability, and economic liberty. Our focus is to encourage legislative proposals that improve economic growth while facilitating sound Federal and State tax policy. CSTP appreciates the opportunity to provide comments on how to improve America’s tax code and applauds the Senate Committee on Finance (“Committee”) on this public effort to solicit feedback from stakeholders. In the end, it is our hope that tax reform efforts will include provisions specifically designed to empower Main Street businesses and farmers to thrive in our local communities.

CSTP shares the stated goal of Committee Chairman Hatch in making the nation’s tax code “simpler and fairer for all Americans.”[\[1\]](#) Today, America’s tax code has more than 70,000 pages of regulations that have increased detrimental compliance costs to Main Street businesses because of confusing and ever evolving requirements. In addition, the current tax code provides benefits to certain types of businesses that are not given to others, all of which operate in the same industry. Too many large, profitable businesses are not supporting the critical services provided to the public from the government in the same way as tax-paying businesses.

Economic stimulus occurs when businesses, including farmers, operate in an environment of prudent regulation and reasonable taxation. When businesses are not burdened by the costs of over-regulation, and are subject to a tax code that treats all like-businesses the same, the outcome is innovation, fair competition, and consumer benefit. The impact of reforming the tax code in a meaningful way to stimulate economic growth will directly result in greater revenues back into the federal government. More jobs will be created, worker wages raised, and the overall competitiveness and sustainability of American businesses and farmers improved with substantive reform of our current tax code.

As has been discussed, lowering the overall corporate tax rate is one step in a positive direction of providing stimulus to businesses and farmers. CSTP supports decreasing the corporate tax rate. Another component to this effort is reforming the tax code in a way to assist financial institutions with their commercial and agricultural lending functions. Small businesses and farmers play a critical role in

the U.S. economy. Ignoring the institutions that provide loans to these important sectors of the economy will ignore the important multiplier effect that financial institutions by their very nature have on the overall growth of the economy.

In May, Representative Jenkins (KS - 02) introduced the Enhancing Credit Opportunities in Rural America Act, which aims to support American farmers, ranchers and other producers by creating a new, targeted tax incentive for agricultural and rural residential lending, resulting in lower interest rates for qualified borrowers in rural areas as producers. Currently, “low commodity prices pose a serious threat to agriculture and the thousands of jobs connected to the sector in rural America,” said Congresswoman Jenkins.[\[2\]](#) H.R. 2205 is just one piece of the comprehensive tax reform needed to stimulate the agriculture sector.

Patterned after H.R. 2205, CSTP is also working with various members of Congress on an additional tax reform concept to specifically promote more business lending especially among small businesses and farmers. As was noted in a recent Federal Reserve Bank of Dallas Economic Letter, “America’s small businesses have struggled securing credit since the end of the financial crisis. Small-business loans – those with original amounts of less than \$1 million have shrunk from almost 40 percent of the overall business loan portfolio in 2004 to 20 percent in 2016.”[\[3\]](#) Elements of comprehensive tax reform must focus on providing benefits to businesses and farmers or economic growth will not materialize.

We are in a unique time in this country to be able to substantively reform our tax code to indeed make it “simpler and fairer for all Americans” in a way that provides sustained, economic growth. However, this effort requires thoughtful deliberation accompanied by bold action. CSTP appreciates your consideration of our suggestions mentioned above and looks forward to continuing to work with the Committee on this critical piece of legislation.

Sincerely,



Peter Prickett
President

Council for Sound Tax Policy

[1] <https://www.finance.senate.gov/chairmans-news/hatch-robust-and-transparent--effort-required-for-tax-reform>

[2] <https://lynnjenkins.house.gov/press-releases/rep-jenkins-introduces-bill-to--help-farmers-and-ranchers-in-rural-america/>

[3] "Small-Business Lending Languishes as Community Banking Weakens," Federal Reserve Bank of Dallas, Economic Letter, February 2017

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