

Remarks before the Invest to Compete Alliance Steering Committee: Tax reform

Senator Spark M. Matsunaga Papers

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"TAX REFORM"

REMARKS BY THE HONORABLE SPARK M. MATSUNAGA

UNITED STATES SENATOR

BEFORE THE "INVEST TO COMPETE ALLIANCE" STEERING COMMITTEE

Phoenix Park Hotel

Washington, D. C.

Thursday, April 10, 1986 - 7:30 p.m.

Thank you, Jeanne (Campbell) (?), for your most gracious introduction. It is of great comfort to me to be properly introduced, for in our Nation's Capital I have been identified much too often as a foreign diplomat.

To strike a balance within our federal tax code among the objectives of fairness, simplicity and equity is no easy feat. As you know, our Federal Constitution provides that all tax measures must originate in the House of Representatives. Accordingly, upon the urging of President Reagan, the House, by an unprecedented voice vote, passed and sent to the Senate H. R. 3838, the Tax Reform Act, which ironically the President in fact opposes. He is, of course, counting on the Republican controlled Senate to amend the House bill to bring it more in line with his own package, better known as Treasury II.

The House-passed tax bill keeps the federal tax code progressive in character and has the effect of removing some

six million lower income, near poverty-level families from the tax rolls. Its lower rates should have the effect of reducing the attraction of tax shelters and other non-economic, tax-motivated investments. The House bill also takes a major step towards addressing the wide and inequitable disparity in effective tax rates between industries. Now the Senate Finance Committee, having considered the House bill, is engaged in markup sessions to modify and complete its own reform measure as proposed by Committee Chairman Bob Packwood.

As for the outlook for passage of a tax reform bill, I fully expect a bill to be out of committee by mid-May and brought up for floor debate in June. House and Senate conference committees should be able to hammer out differences between them by the end of summer and we should have legislation before the President for his signature by the end of August, unless the president will insist on inclusion or exclusion of certain of his pet provisions.

I will be happy to try to answer any questions you might have. Thank you for this invitation to share thoughts here this evening.

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