

Castle Testifies on Importance of Tax Reform -- February 1, 2006

Washington, D.C. -- Delaware Congressman Mike Castle, a senior member of the House Financial Services Committee, delivered testimony today in response to President Bush's tax advisory panel recommendations that came out November 1, 2005. Castle was one of three members who were invited to a joint hearing of the Subcommittee on Rural Enterprises, Agriculture and Technology and the Subcommittee on Tax, Finance and Export, within the House Committee on Small Business.

"Tax reform should be a top priority for Congress, the Administration and many Americans. While most reforms suggested by the panel, in either of the two recommendations are fair, well intentioned and effective -- I don't presently see strong political viability for passing drastic reforms. For instance, proposals such as curtailing a tax deduction for home mortgage interest, eliminating a deduction for state and local taxes, and changing the taxation of imports, have all triggered strong reactions from many of our constituents across the country. Politically, it is going to be very tough to make progress," Castle said.

In addition to his focus on the importance of reform and simplification of the current tax system, the Congressman also encouraged Congress to look at the role of lobbying practices in the rampant abuse of tax loopholes.

"Those same lobbyists who have created such a growth in the demand for "earmarks" are the same type who feast on loopholes in tax bills at incredible cost to our revenue stream- leading to mass complexity and business decisions driven by tax consequences rather than economic benefit. According to the panel's findings, more than 14,000 changes have been made to the code in the past 20 years. It is because of these complications that the annual cost of complying with today's Federal tax system cost taxpayers \$1 in compliance costs for every \$7 in Federal income taxes paid," Castle said.

The President's Advisory Panel on Federal Tax Reform was created by Executive Order in January 2005 to counsel on options for a simpler, fairer tax code that is more conducive to economic growth.