

.....
(Original Signature of Member)

112TH CONGRESS
2D SESSION

H. R. _____

To provide for expedited consideration of a bill providing for comprehensive tax reform.

IN THE HOUSE OF REPRESENTATIVES

Mr. DREIER (for himself and Mr. CAMP) introduced the following bill; which was referred to the Committee on _____

A BILL

To provide for expedited consideration of a bill providing for comprehensive tax reform.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Pathway to Job Cre-
5 ation through a Simpler, Fairer Tax Code Act of 2012”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds that the following
8 problems exist with the Internal Revenue Code of 1986
9 (in this section referred to as the “tax code”):

1 (1) The tax code is unfair, containing hundreds
2 of provisions that only benefit certain special inter-
3 ests, resulting in a system of winners and losers.

4 (2) The tax code violates the fundamental prin-
5 ciple of equal justice by subjecting families in similar
6 circumstances to significantly different tax bills.

7 (3)(A) Many tax preferences, sometimes re-
8 ferred to as “tax expenditures,” are similar to gov-
9 ernment spending—instead of markets directing eco-
10 nomic resources to their most efficient uses, the
11 Government directs resources to other uses, creating
12 a drag on economic growth and job creation.

13 (B) The exclusions, deductions, credits, and
14 special rules that make up such tax expenditures
15 amount to over \$1 trillion per year, nearly matching
16 the total amount of annual revenue that is generated
17 from the income tax itself.

18 (C) In some cases, tax subsidies can literally
19 take the form of spending through the tax code, re-
20 distributing taxes paid by some Americans to indi-
21 viduals and businesses who do not pay any income
22 taxes at all.

23 (4) The failure to adopt a permanent tax code
24 with stable statutory tax policy has created greater
25 economic uncertainty. Tax rates have been scheduled

1 to increase sharply in 3 of the last 5 years, requiring
2 the enactment of repeated temporary extensions. Ad-
3 ditionally, approximately 70 other, more targeted tax
4 provisions expired in 2011 or are currently sched-
5 uled to expire by the end of 2012.

6 (5) Since 2001, there have been nearly 4,500
7 changes made to the tax code, averaging more than
8 one each day over the past decade.

9 (6) The tax code's complexity leads nearly nine
10 out of ten families either to hire tax preparers (60
11 percent) or purchase software (29 percent) to file
12 their taxes, while 71 percent of unincorporated busi-
13 nesses are forced to pay someone else to prepare
14 their taxes.

15 (7) The cost of complying with the tax code is
16 too burdensome, forcing individuals, families, and
17 employers to spend over six billion hours and over
18 \$160 billion per year trying to comply with the law
19 and pay the actual tax owed.

20 (8) Compliance with the current tax code is a
21 financial hardship for employers that falls dispropor-
22 tionately on small businesses, which spend an aver-
23 age of \$74 per hour on tax-related compliance, mak-
24 ing it the most expensive paperwork burden they en-
25 counter.

1 (9) Small businesses have been responsible for
2 two-thirds of the jobs created in the United States
3 over the past 15 years, and approximately half of
4 small-business profits are taxed at the current top 2
5 individual rates.

6 (10) The historic range for tax revenues col-
7 lected by the Federal government has averaged 18
8 to 19 percent of Gross Domestic Product (GDP),
9 but will rise to 21.2 percent of GDP under current
10 law—a level never reached, let alone sustained, in
11 the Nation’s history.

12 (11) The current tax code is highly punitive,
13 with a top Federal individual income tax rate of 35
14 percent (which is set to climb to over 40 percent in
15 2013 when taking into account certain hidden
16 rates), meaning some Americans could face a com-
17 bined local, State and Federal tax rate of 50 per-
18 cent.

19 (12) The tax code contains harmful provisions,
20 such as the Alternative Minimum Tax (AMT), which
21 was initially designed to affect only the very highest-
22 income taxpayers but now threatens more than 30
23 million middle-class households because of a flawed
24 design.

1 (13) As of April 1, 2012, the United States
2 achieved the dubious distinction of having the high-
3 est corporate tax rate (39.2 percent for Federal and
4 State combined) in the developed world.

5 (14) The United States corporate tax rate is
6 more than 50 percent higher than the average rate
7 of member states of the Organization for Economic
8 Cooperation and Development (OECD)—a factor
9 that discourages employers and investors from locat-
10 ing jobs and investments in the United States.

11 (15) The United States has become an outlier
12 in that it still uses a “worldwide” system of tax-
13 ation—one that has not been substantially reformed
14 in 50 years, when the United States accounted for
15 nearly half of global economic output and had no se-
16 rious competitors around the world.

17 (16) The combination of the highest corporate
18 tax rate with an antiquated “worldwide” system sub-
19 jects American companies to double taxation when
20 they attempt to compete with foreign companies in
21 overseas markets and then reinvest their earnings in
22 the United States.

23 (17) The Nation’s outdated tax code has con-
24 tributed to the fact that the world’s largest compa-
25 nies are more likely to be headquartered overseas

1 today than at any point in the last 50 years: In
2 1960, 17 of the world's 20 largest companies were
3 based in the United States; by 2010, that number
4 sank to a mere six out of 20.

5 (18) The United States has one of the highest
6 levels of taxation on capital—taxing it once at the
7 corporate level and then again at the individual
8 level—with integrated tax rates on certain invest-
9 ment income already reaching roughly 50 percent
10 (and scheduled to reach nearly 70 percent in 2013).

11 (19) The United States' overall taxation of cap-
12 ital is higher than all but four of the 38 countries
13 that make up the OECD and the BRIC (Brazil,
14 Russia, India and China).

15 (b) PURPOSES.—It is the purpose of this Act to pro-
16 vide for enactment of comprehensive tax reform in 2013
17 that—

18 (1) protects taxpayers by creating a fairer, sim-
19 pler, flatter tax code for individuals and families
20 by—

21 (A) lowering marginal tax rates and broad-
22 ening the tax base;

23 (B) eliminating special interest loopholes;

24 (C) reducing complexity in the tax code,
25 making tax compliance easier and less costly;

1 (D) repealing the Alternative Minimum
2 Tax;

3 (E) maintaining modern levels of progres-
4 sivity so as to not overburden any one group or
5 further erode the tax base;

6 (F) making it easier for Americans to save;
7 and

8 (G) reducing the tax burdens imposed on
9 married couples and families;

10 (2) is comprehensive (addressing both indi-
11 vidual and corporate rates), so as to have the max-
12 imum economic impact by benefitting employers and
13 their employees regardless of how a business is
14 structured;

15 (3) results in tax revenue consistent with his-
16 torical norms;

17 (4) spurs greater investment, innovation and
18 job creation, and therefore increases economic activ-
19 ity and the size of the economy on a dynamic basis
20 as compared to the current tax code; and

21 (5) makes American workers and businesses
22 more competitive by—

23 (A) creating a stable, predictable tax code
24 under which families and employers are best
25 able to plan for the future;

1 (B) keeping taxes on small businesses low;

2 (C) reducing America's corporate tax rate,
3 which is currently the highest in the industri-
4 alized world;

5 (D) maintaining a level of parity between
6 individual and corporate rates to reduce eco-
7 nomic distortions;

8 (E) promoting innovation in the United
9 States;

10 (F) transitioning to a globally competitive
11 territorial tax system;

12 (G) minimizing the double taxation of in-
13 vestment and capital; and

14 (H) reducing the impact of taxes on busi-
15 ness decision-making to allow such decisions to
16 be driven by their economic potential.

17 **SEC. 3. EXPEDITED CONSIDERATION OF A MEASURE PRO-**
18 **VIDING FOR COMPREHENSIVE TAX REFORM.**

19 (a) DEFINITION.—For purposes of this section, the
20 term “tax reform bill” means a bill of the 113th Con-
21 gress—

22 (1) introduced in the House of Representatives
23 by the chair of the Committee on Ways and Means
24 not later than April 30, 2013, or the first legislative
25 day thereafter if the House is not in session on that

1 day, the title of which is as follows: “A bill to pro-
2 vide for comprehensive tax reform.”; and

3 (2) which is the subject of a certification under
4 subsection (b).

5 (b) CERTIFICATION.—The chair of the Joint Com-
6 mittee on Taxation shall notify the House and Senate in
7 writing whenever the chair of the Joint Committee deter-
8 mines that an introduced bill described in subsection
9 (a)(1) contains at least each of the following proposals:

10 (1) a consolidation of the current 6 individual
11 income tax brackets into not more than two brackets
12 of 10 and not more than 25 percent;

13 (2) a reduction in the corporate tax rate to not
14 greater than 25 percent;

15 (3) a repeal of the Alternative Minimum Tax;

16 (4) a broadening of the tax base to maintain
17 revenue between 18 and 19 percent of the economy;

18 and

19 (5) a change from a “worldwide” to a “terri-
20 torial” system of taxation.

21 (c) EXPEDITED CONSIDERATION IN THE HOUSE OF
22 REPRESENTATIVES.—

23 (1) Any committee of the House of Representa-
24 tives to which the tax reform bill is referred shall re-
25 port it to the House not later than 20 calendar days

1 after the date of its introduction. If a committee
2 fails to report the tax reform bill within that period,
3 such committee shall be automatically discharged
4 from further consideration of the bill.

5 (2) If the House has not otherwise proceeded to
6 the consideration of the tax reform bill upon the ex-
7 piration of 15 legislative days after the bill has been
8 placed on the Union Calendar, it shall be in order
9 for the Majority Leader or a designee (or, after the
10 expiration of an additional 2 legislative days, any
11 Member), to offer one motion that the House resolve
12 into the Committee of the Whole House on the state
13 of the Union for the consideration of the tax reform
14 bill. The previous question shall be considered as or-
15 dered on the motion to its adoption without inter-
16 vening motion except 20 minutes of debate equally
17 divided and controlled by the proponent and an op-
18 ponent. If such a motion is adopted, consideration
19 shall proceed in accordance with paragraph (3). A
20 motion to reconsider the vote by which the motion
21 is disposed of shall not be in order.

22 (3) The first reading of the bill shall be dis-
23 pensed with. General debate shall be confined to the
24 bill and shall not exceed 4 hours, equally divided and
25 controlled by the chair and ranking minority mem-

1 ber of the Committee on Ways and Means. At the
2 conclusion of general debate, the bill shall be read
3 for amendment under the five-minute rule. Any com-
4 mittee amendment shall be considered as read. At
5 the conclusion of consideration of the bill for amend-
6 ment the Committee shall rise and report the bill to
7 the House with such amendments as may have been
8 adopted. The previous question shall be considered
9 as ordered on the bill and amendments thereto to
10 final passage without intervening motion except one
11 motion to recommit with or without instructions. A
12 motion to reconsider the vote on passage of the bill
13 shall not be in order.

14 (d) EXPEDITED CONSIDERATION IN THE SENATE.—

15 (1) COMMITTEE CONSIDERATION.—A tax re-
16 form bill, as defined in subsection (a), received in
17 the Senate shall be referred to the Committee on Fi-
18 nance. The Committee shall report the bill not later
19 than 15 calendar days after receipt of the bill in the
20 Senate. If the Committee fails to report the bill
21 within that period, that committee shall be dis-
22 charged from consideration of the bill, and the bill
23 shall be placed on the calendar.

24 (2) MOTION TO PROCEED.—Notwithstanding
25 rule XXII of the Standing Rules of the Senate, it is

1 in order, not later than 2 days of session after the
2 date on which the tax reform bill is reported or dis-
3 charged from committee, for the majority leader of
4 the Senate or the majority leader's designee to move
5 to proceed to the consideration of the tax reform
6 bill. It shall also be in order for any Member of the
7 Senate to move to proceed to the consideration of
8 the tax reform bill at any time after the conclusion
9 of such 2-day period. A motion to proceed is in order
10 even though a previous motion to the same effect
11 has been disagreed to. All points of order against
12 the motion to proceed to the tax reform bill are
13 waived. The motion to proceed is not debatable. The
14 motion is not subject to a motion to postpone.

15 (3) CONSIDERATION.—No motion to recommit
16 shall be in order and debate on any motion or appeal
17 shall be limited to one hour, to be divided in the
18 usual form.

19 (4) AMENDMENTS.—All amendments must be
20 relevant to the bill and debate on any amendment
21 shall be limited to 2 hours to be equally divided in
22 the usual form between the opponents and pro-
23 ponents of the amendment. Debate on any amend-
24 ment to an amendment, debatable motion, or appeal
25 shall be limited to 1 hour to be equally divided in

1 the usual form between the opponents and pro-
2 ponents of the amendment.

3 (5) VOTE ON PASSAGE.—If the Senate has pro-
4 ceeded to the bill, and following the conclusion of all
5 debate, the Senate shall proceed to a vote on pas-
6 sage of the bill as amended, if amended.

7 (e) CONFERENCE IN THE HOUSE.—If the House re-
8 ceives a message that the Senate has passed the tax re-
9 form bill with an amendment or amendments, it shall be
10 in order for the chair of the Committee on Ways and
11 Means or a designee, without intervention of any point of
12 order, to offer any motion specified in clause 1 of rule
13 XXII.

14 (f) CONFERENCE IN THE SENATE.—If the Senate re-
15 ceives from the House a message to accompany the tax
16 reform bill, as defined in subsection (a), then no later than
17 two session days after its receipt—

18 (1) the Chair shall lay the message before the
19 Senate;

20 (2) the motion to insist on the Senate amend-
21 ment or disagree to the House amendment or
22 amendments to the Senate amendment, the request
23 for a conference with the House or the motion to
24 agree to the request of the House for a conference,
25 and the motion to authorize the Chair to appoint

1 conferees on the part of the Senate shall be agreed
2 to; and

3 (3) the Chair shall then be authorized to ap-
4 point conferees on the part of the Senate without in-
5 tervening motion, with a ratio agreed to with the
6 concurrence of both leaders.

7 (g) RULEMAKING.—This section is enacted by the
8 Congress as an exercise of the rulemaking power of the
9 House of Representatives and Senate, respectively, and as
10 such is deemed a part of the rules of each House, respec-
11 tively, or of that House to which they specifically apply,
12 and such procedures supersede other rules only to the ex-
13 tent that they are inconsistent with such rules; and with
14 full recognition of the constitutional right of either House
15 to change the rules (so far as relating to the procedures
16 of that House) at any time, in the same manner, and to
17 the same extent as any other rule of that House.