



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley, Chairman
Nomination Hearing of Assistant Treasury Secretary for Tax Policy
Thursday, July 13, 2006

We are here today to consider the nomination of Mr. Eric Solomon to be the Assistant Secretary of Treasury for Tax Policy. I have made a lot of comments recently in regards to tax reconciliation about the movie “Groundhog Day” – that was a movie about a day that kept repeating itself – just like tax reconciliation. Today is a different day than “Groundhog Day,” in that I think many people thought today was a day we would never see – a day when we would finally have a hearing on the nomination for an Assistant Secretary of Treasury for Tax Policy. It has been a long time, but I’m glad we are able to finally hold this hearing and that we have before us such a strong nominee. Mr. Solomon is a dedicated public servant who has served the nation well for many years at the Treasury Department under both Republican and Democrat administrations. He has the deserved respect of the tax community.

It is natural to look at the hour glass and think that the shadows are growing long for this administration and that this job is a caretaker job. Nothing could be further from the truth. I think the next two and a half years have enormous possibility and opportunity for this administration and the Congress in the areas of tax. We have just had a very able Secretary of Treasury take his oath of office and I am confident he wants to do more than go bird-watching. My discussions with him suggest a great deal of energy to bring real change and reform to the tax code and at Treasury.

I think this committee has a real interest in tax reform and if the administration will show leadership we can make real and significant changes – particularly changes that will make our economy more competitive in the global market. We will be having hearings on tax reform with former Senator Breaux and hopefully former Senator Mack – the co-chairs of the President’s tax reform commission. As promised, that hearing will take place in the last week of this work period and will be a kick-off for the Finance Committee’s look at tax reform. I expect more hearings down the road.

Hand-in-hand with tax reform is closing the tax gap. The tax gap has been something I’ve heard about since I first came to the Senate and has bedeviled both Republican and Democrat administrations. Senator Baucus is to be commended with focusing us on the tax gap. We have made some progress in this area with legislation this committee has passed, but more needs to be done. Senator Baucus and I have asked for a plan this fall from Treasury and the IRS on this subject. While the focus on solving the tax gap is traditionally on the IRS, I’m more and more convinced that Treasury tax policy has a very significant role in providing guidance and regulation that can help deal with the tax gap.

The issues of tax reform and the tax gap are very real and we need to face them today instead of hoping for some perfect opportunity tomorrow. Mr. Solomon, you have great possibilities before you. I expect you to be active and engaged in bringing real change. The administration must show initiative on tax reform and the tax gap and you are critical in making that happen. If you are a coffee drinker, I want you to drink a good strong cup every morning before you start work.