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STATEMENT OF THE HONORABLE DAVID DREIER
THE FAIR AND SIMPLE TAX ACT OF 2011

January 5, 2011

Mr. Speaker, our top priority is to get our economy going again. Helping families keep more of their hard-earned money and providing businesses with additional resources to invest in their operations will help create jobs and get our economy back on track.

The Fair and Simple Tax (FAST) Act is a commonsense plan that will provide certainty in the tax code and a boost to the economy. The bill cuts the current 6-bracket tax structure in half and employs three simple rates of 10, 15 and 30 percent. By reducing marginal rates and preserving major deductions, including mortgage interest, charitable, state and local taxes, the child tax credit and the personal exemption, the FAST Act provides working Americans with more money for their needs.

The FAST Act also addresses the need to get our economy moving again by providing important investment incentives and creating new opportunities for workers and job creators alike. As American businesses continue to participate in the global economy, the FAST Act makes domestic employers more competitive by reducing the corporate tax rate from the highest in the world to a more competitive rate. In order to encourage innovation and boost entrepreneurship, the FAST Act provides a permanent extension of the Research and Development Tax Credit. In addition, under the FAST Act, the tax code rewards, not penalizes, success by reducing the individual capital gains tax rate from 15 percent to 10 percent and indexing the tax for inflation.

The FAST Act is based on the principle that Americans deserve a tax code that is fair and easy to understand. This year, Americans are projected to spend \$392 billion preparing their taxes. To make this process easier, the FAST Act creates a simple, one-page tax filing form that employs the simplified marginal rate structure.

This bill brings a sense of fairness to the tax code by permanently repealing the Death Tax and indexing the Alternative Minimum Tax (AMT) to inflation. In doing so, the FAST Act ensures that fewer taxpayers will be impacted by the AMT each year. In addition, the bill permanently extends the 2001 and 2003 tax relief measures.

As Americans seek to save money for retirement, education and other needs, the FAST Act provides incentives to encourage individuals to save more. The FAST Act creates three new, tax-free savings accounts: the Retirement Savings Account, the Lifetime Savings Account, both providing a \$5,000 tax-free contribution, and the Lifetime Skills Savings Account, which provides a \$1,000 tax-free contribution. Each provides Americans with additional ways to save money for their future needs.

Americans should have more control, not less, over their healthcare expenses. That is why the FAST Act creates a \$7,500 tax deduction for individuals and a \$15,000 tax deduction for families who do not have access to employer-sponsored health coverage. This expanded deduction provides individuals and families with additional assistance to purchase healthcare and allows unspent funds to be allocated to a Health Savings Account (HSA).

Mr. Speaker, the FAST Act reforms the tax code to provide permanent tax relief and clarity for American families and businesses, while encouraging innovation and entrepreneurship vital to our economic recovery. I encourage all my colleagues to join me in this pro-growth economic policy.