



Legislative Bulletin.....August 1, 2012

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H.R. 6169—Pathway to Job Creation through a Simpler, Fairer Tax Code Act

**H.R. 6169— Pathway to Job Creation through a Simpler, Fairer Tax Code Act
(Rep. Dreier, R-CA)**

Order of Business: The bill is scheduled to be considered this week under a structured rule that provides one hour of debate on the bill equally divided and controlled by the chair and ranking minority member of the Committee on Rules and two hours of debate 1986 equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means.

The rule waives all points of order against consideration of the bill, as well as against the provisions of the bill. The rule makes in order an amendment in the nature of a substitute (summarized below).

The rule further provides that on any legislative day during the period from August 3, 2012, through September 7, 2012: (a) the Journal of the proceedings of the previous day shall be considered as approved; (b) the Chair may adjourn the House to meet at a date and time within the limits of clause 4, section 5, article I of the Constitution; and (c) bills and resolutions introduced shall be numbered, listed in the Congressional Record, and when printed shall bear the date of introduction, but may be referred at a later time.

The rule also authorizes the Speaker to entertain motions to suspend the rules on the legislative day of August 2, 2012 and waives the requirement of House rules requiring a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House with respect to any resolution reported through the legislative day of August 2, 2012.

Summary: The purpose of H.R. 6169 is to provide for expedited consideration of tax reform legislation in the 113th Congress. Below is a summary of: **1)** the requirements for a tax reform bill to be eligible for expedited consideration in the House; and **2)** the expedited process to consider such a tax reform bill.

Requirements for House Tax Reform Bill: In order for tax legislation to be eligible for expedited consideration, the Chair of the Joint Committee on Taxation has to certify that the bill meets the following conditions:

1. The bill consolidates the number of income tax code brackets from 6 to not more than 2.
2. The bill reduces the corporate tax rate to 25% or less (compared to 35% currently).
3. The bill repeals the Alternative Minimum Tax.
4. The bill maintains revenue of between 18% and 19% of GDP.
5. The bill moves from a “worldwide” to a “territorial” system of taxation.

Expedited Process: H.R. 6169 sets up the following expedited process for legislation that receives the certification described above:

- **Introduction:** The tax reform legislation is introduced by the Chairman of the Ways and Means Committee by **April 30, 2013**.
- **House Committee Consideration:** The Ways and Means Committee has 20 days after introduction of the bill to report it out (or the committee is discharged from further consideration of the measure). This means that the bill would be reported out of committee by **May 20, 2013**.
- **House Floor:** 15 days later, if the House has not already proceeded to consideration of this legislation, it is in order for the Majority Leader to offer a motion to consider the tax reform bill. 2 legislative days after that, it would be in order for any Member to offer a motion to consider the tax reform bill. This means the legislation would be on the House floor by **early June**.
- **Consideration on House Floor:** 4 hours of general debate controlled by the Chair and Ranking Member of the Ways and Means Committee. The bill is subject to amendment under the five-minute rule, as well as one motion to recommit.
- **Senate Finance Committee:** The Senate Finance Committee has 15 days after House passage of the bill to report it out (or the committee is discharged from further consideration of the measure). This means that the bill would be reported out of Senate Finance Committee by the **middle of June**.
- **Senate Floor:** After the bill is reported out/discharged by the Senate Finance Committee, the Majority Leader can move to proceed to consideration of the tax reform bill. 2 days later, it would be in order for any Senator to offer this motion. A vote on the motion to proceed is not subject to cloture (a 60 vote threshold). Debate on amendments is limited to 2 hours (with no requirement that cloture be invoked). Cloture might still have to be invoked in order to proceed to a final vote on the bill.

Amendment Made in Order

1. *Slaughter (D-NY)*. Amendment in the Nature of a Substitute. The amendment strikes all of the underlying text and replaces with a non-binding series of congressional findings. The amendment would do nothing to expedite consideration of any tax reform proposal. The findings, among other things, propose higher taxes to pay for new spending, more refundability of tax credits (which counts as new spending, not lower taxes, from a budgetary perspective), and “a rate structure that distributes the tax burden in a more progressive manner...” The text of the findings:

“legislation to reform the Internal Revenue Code of 1986 is both necessary and desirable, and the House of Representatives and the Senate should move quickly under regular order to proceed with a bill which—

- “identifies revenue sources that in conjunction with targeted spending reductions will provide the long-term means to reduce the national debt significantly and make investments in national priorities such as infrastructure, education, research, and defense that are critical to future American competitiveness and job growth;
- “adopts a rate structure that distributes the tax burden in a more progressive manner;
- “discourages tax avoidance, including tax avoidance accomplished using entities or accounts in tax haven jurisdictions, preserves and improves those provisions of the Internal Revenue Code of 1986 that support middle class home ownership, education, retirement savings, and healthcare;
- “repeals the alternative minimum tax (commonly known as the AMT);
- “retains and improves refundable tax credits that encourage work and education while lifting millions of Americans out of poverty;
- “eliminates tax breaks for businesses that move jobs and profits overseas in combination with a reduction in tax rates for American manufacturers, which are vital to innovation and job growth; and
- “preserves and improves incentives for small business investment and growth.”

Additional Background: April 17, 2012, was [Tax Freedom Day](#)—the day the Tax Foundation calculates Americans have finally earned enough money to pay their tax bills for the year and can start to work for themselves. The Tax Foundation calculates that Americans will work 107 days this year for the government, which is longer than the American people will work for food, clothing, and housing combined.

According to CBO, the federal tax burden will grow significantly in coming years. Federal tax revenue was 15.4% of GDP in 2011, and the historic average is 18% of GDP. But by 2022, it will increase to 21% of GDP (which would be the highest level in American history). For more information about impending tax increases under the tax code, see [here](#).

The FY 2012 and FY 2013 House-passed Republican budget resolutions proposed a tax reform framework that is in line with the tax reform plan envisioned by this legislation (see [here](#)).

The RSC’s [Jobs Through Growth Act](#) proposed a tax reform plan that would meet most of the conditions of the standards for tax reform called for by H.R. 6169.

For more information about our tax code, see the [RSC Policy Brief: Tax Facts](#).

Committee Action: The legislation was introduced on July 24, 2012, and it was referred to the House Committee on Rules. The legislation was reported out of the committee on July 30, 2012. See committee report [here](#).

Administration Position: No Statement of Administration Policy (SAP) is available at press time.

Outside Organizations: Americans for Tax Reform (ATR) [supports](#) the legislation.

Cost to Taxpayers: The legislation does not, in and of itself, impact the federal budget.

Does the Bill Expand the Size and Scope of the Federal Government?: No. The legislation could (dependent on subsequent action by the 113th Congress) help facilitate the passage of legislation that would reduce tax rates and the overall tax burden on the American people and the economy and therefore let the American people keep more of their own money.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority: The sponsor states: “Congress has the power to enact this legislation pursuant to Article I, section 5, clause 2 (relating to the power of each House of Congress to determine the rules of its proceedings).”

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