

Is Tax Reform Closer Than We Thought? A Continued Look At Tax Reform

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While it is highly unlikely Santa's little helpers will deliver to taxpayers a tax reform package by the end of 2014 that is acceptable to the Senate, the House of Representatives and the President, House Ways and Means Committee Chairman, Dave Camp, made one last attempt to move the ball forward. On December 11, 2014, shortly before Chairman Camp's expected retirement, he formally introduced a bill in the House to adopt into law the Tax Reform Act of 2014 which he authored and circulated in proposed form to lawmakers back in February. Affixed with the label "Fixing Our Broken Tax Code So That It Works For American Families and Job Creators," the proposal is now formally before Congress.

Our lawmakers uniformly agree that we need tax reform in this country. In fact, more than thirty (30) separate congressional hearings dedicated to tax reform have been held in recent times. There exist at least eleven (11) bipartisan working groups which are exploring tax reform. So, we appear to be headed in the right direction. The billion dollar question continues to be, will we get sufficient consensus among our lawmakers so the tax reform will become a reality?

At about the same time as Chairman Camp introduced his tax reform bill in the House, Senate Finance Committee republican staff released a report, "Comprehensive Tax Reform for 2015 and Beyond." The report exams the history of tax development and the economic issues associated therewith. Senator Orrin Hatch, who is slated to become the Chair of the Senate Finance Committee in 2015, hopes the report will get the issues on the table and act as an invitation to both parties to roll up their shirt sleeves and work together on these tough and ever important issues.

These developments may be an indication that the impetus for tax reform is picking up steam. Hopefully, the momentum will carry into 2015 and will be strong enough to get the ball across the goal line.

Despite these developments, however, I fear tax reform is still far away from becoming a reality. Chairman Camp's proposal spans almost 1000 pages and impacts some highly sensitive tax issues important to special interest groups. While his proposed legislation cuts both ways (i.e., has provisions that each party could support), the question continues to be whether adequate consensus can be achieved in Washington to pass comprehensive tax reform legislation. Time will tell.

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