

Opening Statement

JEC Hearing on “Building Back Better: Raising Revenue to Invest in Shared Prosperity”

Wednesday, October 6 at 2:30pm ET

Before the pandemic disrupted Americans’ work lives and social connections, tax cuts and deregulation supported a thriving economy that delivered broad benefits to families and workers. The *Tax Cuts and Jobs Act* of 2017—which provided historic relief to working and middle-class American families and led to higher wages, better benefits, and new employment opportunities across the country—was crucial to that prosperity.

Our booming economy provided some of the largest benefits to those Americans who needed it the most. Unemployment for Hispanic Americans, Black Americans, and Asian Americans fell to the lowest rates on record.¹ Unemployment for women dropped to a near 65 year low. And low-income workers saw their wages rise at some of the fastest rates. All told, the wealth of the bottom 50 percent of Americans increased by over 70 percent in the three years prior to the pandemic.²

In early 2020, more than 80 percent of working age Americans were employed and wages continued to rise.³ Pro-growth policy reform brought the economy roaring to life in a way that few forecasters thought possible. This

success demonstrates an important truth—Americans benefit from lower taxes, less regulation, and more freedom.

Unfortunately, we have come here today because the Biden Administration and Democrats in Congress want to squeeze the American people with higher taxes and more regulation. They have proposed a \$3.5 trillion tax-and-spend blowout, one that would increase Americans' taxes by over \$2 trillion. It would be the largest tax increase in my lifetime and would substantially expand the federal government's footprint into our homes, into our businesses, and across our economy.⁴

Let's be clear—the major winners from the Democrats' plan are special interests and beltway bureaucrats.

Our economy is still recovering from the pandemic; now is one of the worst times to saddle our economy with higher taxes. The recovery has stopped accelerating and American families are being hit by higher prices for essential goods—things like groceries, housing, and gasoline keep getting more expensive.

Inflation is rising at its fastest pace in three decades, and it is making it harder to make ends meet. Wage increases are being swamped by higher prices and job growth is stalling. Democrats' reckless tax-and-spend boondoggle will only make things worse.

Here's what we know this tax plan would do to America's families, workers, and businesses.

It would raise taxes on American families—despite President Biden's pledge to the contrary. The nonpartisan Joint Committee on Taxation and left-leaning Tax Policy Center both agree the plan would hike taxes on low- and middle-income families making less than \$400,000 a year.

The Democrats' tax plan would also drive jobs for American workers overseas. It would raise the federal corporate tax rate to 26.5 percent, making the cost of doing business in the U.S. higher than in Canada, Mexico, Japan, the United Kingdom, Germany, France, and China.

American workers would pay the price—they would pay in lost jobs, slower wage growth, and less investment in things like domestic manufacturing, and innovative research and development. In 10 years, two-thirds of the tax burden from this corporate tax increase would be shouldered by low- and middle-income workers.⁵

Perhaps worst of all, the Democrats' tax plan would embolden Washington to pick winners and losers rather than allowing entrepreneurs to meet the needs of American consumers. This is about so much more than penalizing successful Americans with even higher taxes; this is about putting more of Americans' resources under the control of Washington politicians.

Democrats' tax plan would cost American families, workers, and businesses. It would mean less innovation, lower wages, and fewer jobs. It would increase the size and scope of the federal government. It would make our country less prosperous, less fair, and less free.

We know what works. Keeping taxes low helps to support a thriving economy that benefits all Americans. We should return to the policies that made the pre-pandemic economy so successful for so many Americans. Congress should keep taxes low and predictable by making the reforms in the *Tax Cuts and Jobs Act* permanent, and restrain runaway spending by setting clear and enforceable rules for fiscal discipline.

We cannot tax and spend our way to shared prosperity. Instead, we need to stop spending indiscriminately and make America the best place in the world to do business, pursue happiness, and earn success.

Thank you.

¹ <https://www.bls.gov/cps/>

² <https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/chart/#range:2006.1,2021.1>

³ <https://fred.stlouisfed.org/series/LNS12300060>

⁴ <https://www.heritage.org/taxes/commentary/8-things-you-need-know-about-democrats-tax-increase-bill>

⁵ <https://www.finance.senate.gov/ranking-members-news/analysis-biden-tax-hikes-hit-middle>