

## **KEY SENATE AND HOUSE COMMITTEE CHAIRMEN DISCUSS COMPREHENSIVE TAX REFORM, SEE ACTION THIS CONGRESS**

**Senator Max Baucus (D-MT)**  
**Chairman**  
**Senate Finance Committee**

**Representative Dave Camp (R-MI)**  
**Chairman**  
**House Ways and Means Committee**

**July 18, 2013**

### **Excerpts from the Discussion**

#### **What are the chances of tax reform?**

Senator Baucus: Above 50 percent.

Representative Camp: Over 50 percent.

#### **How can you close the gap between Democrats and Republicans on tax reform?**

Senator Baucus: Dave [Camp] and I meet weekly. We go over this stuff a lot, and working together on this, and agree on same broad goals. It's rate reduction. It's base broadening. The Senate bill that I come out with probably will have some revenue. The House bill, at this point, probably will not. So we meet, in conference. That's the plan here.

#### **How will you bring bills to the floors of the two Chambers? Does the House move first?**

Representative Camp: We think it's regular order, and you build the bill from the ground up...I've met with every Member of the Ways and Means Committee individually. I'm going to complete my meetings with every Republican freshman in the Congress, lots of listening sessions with Members from off the Committee and on the Committee, 11 bipartisan working groups, more than 25 hearings in the House. Together, we've had more than 50 hearings. We had the first hearings together on this in 70 years between the Senate Finance and Ways and Means Committees. So there's been a lot of work done.

#### **Will capital gains and dividends rates change? Marginal rates for high-income people?**

Senator Baucus: Everything's on the table.

Representative Camp: But I think growth and simplicity and fairness and – you know, I obviously say revenue neutrality, but those are the things that are sort of the benchmarks that we're trying to look at. Those are kind of the parameters.

#### **Are you planning to do anything on Medicare or the Affordable Care Act?**

Senator Baucus: It's a big act. I supported the bill strongly, spent a couple years working on it to get it passed...I'm spending a lot of time with the Administration on implementation. I just want this bill to be implemented correctly.

Representative Camp: We in the Committee announced a series of hearings on entitlements, including Social Security and Medicare, released a discussion draft on some parts of, you know, sort of the ideas that are out there...A lot of this has been discussed for many years, whether it's

Rivlin-Domenici or Bowles-Simpson or Biden-Cantor or Supercommittee<sup>1</sup>. So a lot of these ideas are there. I think now what we need to do is really set sort of the committee structure to really build the background for that.

Senator Baucus: Those efforts failed in part — Supercommittee and Biden deficit reduction — because two-thirds of the Members had no knowledge of the subject. That's a bit of an exaggeration....so two-thirds of the time was educating Members of the Committees....on the Supercommittee, the co-chairs hadn't ever met each other....That's part of the problem here, that Members of Congress and the Senate just don't work together very much, and it's a process I initiated, man oh man, I'm talking to everybody and encouraging all of us to talk to everybody. Dave's talked to all of Ways and Means. I'm meeting with every single Senator on tax reform. We've put together, you know, we call 'em burgers and beer. Twice a month it is six House Members, six Senators, and just to get to know each other and just talking together.

Representative Camp: You build a bill from the ground up. You have people involved. And more importantly, you have interested parties, stakeholders, who actually are a part of this process....So it is important to really have those opportunities to work through it as opposed to try to impose a solution.

**Did Democrats and Republicans used to talk together more in Congress?**

Senator Baucus: It's not a myth. We talked more. There's this private Senators' dining room...a little room for Senators only just off the Senator Dining Room. Only Senators; no spouses, no staff, no nobody, just Senators. It was a wonderful place to go....It's empty now. Nobody goes there anymore. Why? Because they're doing other things...those doggone party lunches....All we Democrats, we're having lunch together, saying all those nasty people down the hall, those Republicans, they're terrible. And Republicans are meeting doing the same thing, all those nasty Democrats....And it's fundraising. Fundraising during our noon hour — lunch.

**Trade: Can you get fast track authority for the Trans-Pacific Partnership and the Asian Agreement?**

Senator Baucus: Yup. I do.

Representative Camp: I do.

**How can people contact you?**

Both speakers: the website: [taxreform.gov](http://taxreform.gov).

**What's most frustrating about your job?**

Senator Baucus: I think it's the best job in the world.

Representative Camp: You just come away with this huge respect for the freedom this country offers people and what they're able to do with it.

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DAVID RUBENSTEIN: Welcome, members and guests of The Economic Club of Washington, to this luncheon event of the Club at the JW Marriott Hotel in Washington, DC. We're very pleased today in our 27<sup>th</sup> season, to have two special guests, Senator Max Baucus, Democrat of Montana, and Representative Dave Camp, Republican from Michigan. Senator Baucus is

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<sup>1</sup> Joint Select Committee on Deficit Reduction, commonly known as the Supercommittee.

Chairman of the Senate Finance Committee and Representative Camp is Chairman of the House Ways and Means Committee

Senator Baucus is the senior Senator from Montana. He's been a Senator now for about 35 years, the third most senior Senator in the United States Senate now. He's in his sixth term. He served previously two terms in the House of Representatives. He's a native of Montana, was educated as an undergraduate at Stanford and for his law degree at Stanford and went back to Montana after he got his law degree. He has announced that he will not run for a seventh term. So he will be retiring at the end of this Congress, and I think he will feel the joys of liberation at that point – [laughter] – probably. But he has done an extraordinary job as Chairman of the Senate Finance Committee and is now in the middle of all the things we're going to talk about today.

We have Congressman Camp, who is the Chairman of the House Ways and Means Committee. Congressman Camp represents the 4<sup>th</sup> District of Michigan. He has been a Member of the House of Representatives for several terms and Chairman of the Ways and Means Committee since 2011 and is going to serve through the end of this Congress in that capacity. There's a term limit for leadership of the House Ways and Means Committee and all House chairmanships, so he would be serving as the Chairman of the Ways and Means Committee, unless there's a change, through the end of this Congress. He is a native of Michigan, graduate of Albion College and the University of San Diego law school, and returned after law school to Michigan, where he practiced law for a number of years before getting elected to the Michigan House of Representatives and then becoming a Member of the United States House of Representatives.

So both of you gentlemen are doing something very unusual in Washington, which is getting together from both parties, a Democrat and a Republican. You don't see much of that being done today. And you have announced that you'd like to see whether you can have a bipartisan tax reform package. To be realistic, is there any chance, in this Congress, with the tensions between the Democrats and Republicans and the Republicans in the House and the President of the United States, getting a comprehensive tax reform? What would you rate as the chances of a tax reform package going through, Senator?

SENATOR BAUCUS: Well, I think quite good. Why? Because everyone knows that the Code is dated, hasn't been brought up to date since '86, 15,000 changes to the Code since then. There are a lot of provisions that cause some U.S. companies to be less competitive, top corporate rates too high compared to other countries. We have to be much more competitive as a country than we are, certainly with respect to the Code. Other countries have modernized their Codes, but we have not.

In addition, the people in the country, I think, are extremely put out with how complex the Code is. It takes too long to figure out. Ninety percent of Americans need somebody else to fill out their tax returns. Either it's with TurboTax or with another preparer. And they feel, too, I think, that somebody else is getting a break that they're not getting, and it's starting to erode confidence in our country. But beyond that, here we are, Dave and I. We're working together, one Republican, one Democrat, chairmen of the relevant committees. And everyone in the

Congress wants tax reform. It's different from health care, which, in the past, was very political, that is, politically divisive; it's partisan. This is not partisan.

MR. RUBENSTEIN: If you were a betting man – I assume you're not, but if you were a betting man, would you say 50-50, 80-20, 25-75 that something will get through, or –

SENATOR BAUCUS: I rate it above 50 percent.

MR. RUBENSTEIN: Above 50 percent. OK. And Chairman Camp, what would you say are the chances of getting through your committee and the House of Representatives?

REPRESENTATIVE CAMP: You know, I think Max is right on all the points he made. And I would just say that, you know, the current Code is indefensible. And people do have this sense that if only they knew somebody in Washington, they'd be paying a lower rate. So there's a real sense of unfairness in the Code, or some are getting a special deal because of the complexity and all the changes that Max mentioned that have been made in the last few years, and for the other reasons that, you know, we haven't seen the kind of growth and job creation that we need to see, and even if you have a job, you may have your hours reduced. Your salary may not have increased.

And so there really is this need for growth and jobs, and the complexity is enormous. And obviously, people hire a preparer. They're afraid they're going to get audited, and under the current situation, they may well be. [Chuckles.] But I think the concern is that people have this huge stack of papers they send in to the IRS, and even small businesses. I had a man come in – he had one retail store. And his tax preparation fee was \$9,000. And so the cost of compliance is enormous, and it's over \$168 billion a year and 6 billion hours to comply. And so there's this huge sort of complexity that is laid over the Nation that is really unproductive. So for all the reasons Max mentioned and others, it's really important we look at this.

And look, I do think it's over 50 percent. I know there's a lot that this is, you know, bipartisan, Republican and Democrat. It's more like there's a Senator and a House Member working together. [Chuckles.] That is important.

But I have to tell you, the response I get from Members of the committee and Members of the House – they very much are interested in doing this. They're very excited about doing it because I think they believe, as we do, that the country needs this and that if we can really make that concept that the American Dream is still alive and well – and I think if we can get our economy growing and have people have this positive growth, you know, we will have the American Dream. The unemployment rate – I don't need to keep going, but – [chuckles] – among young people, is very high, and you know, many of us have kids or have friends that have kids in that age group. And if you're in your 20s, you get an internship. You don't get hired. And so to get people the ability to start and really get on the road to prosperity, success and whatever their choices are, I think, is important to do.

MR. RUBENSTEIN: So some people think that tax reforms means – well, let me make it clear. Tax reform is corporate and individual. You're talking about a comprehensive – not just one or

the other, right? So comprehensive, corporate and individual. Some people think tax reform means raising revenue. Some people think it means revenue-neutral. So what is it going to be, revenue-neutral or raising some revenue?

SENATOR BAUCUS: It's going to be both.

MR. RUBENSTEIN: So you're going to do both, OK. In the same bill, OK.

REPRESENTATIVE CAMP: Well, there'll be a Senate bill and House bill.

SENATOR BAUCUS: Exactly, yeah.

MR. RUBENSTEIN: Well, Democrats generally would like to raise revenue, it's often said, in tax reform, and Republicans often say, over my dead body are we going to raise revenue. So do you think you can work that out in a conference, I guess? Because, you know, how are you going to deal with that? It's a big gap between revenue and no revenue.

SENATOR BAUCUS: Well, I think Dave put his finger on it. Dave and I meet weekly, have been for a long time. We go over this stuff a lot, and working together on this, and agree on the same broad goals. It's rate reduction. It's base broadening. It's very significant base broadening, significant rate reduction. And House is Republican. Senate's Democratic. Therefore, the Senate bill that I come out with probably will have some revenue. The House bill, at this point, probably will not. So we meet, in conference. That's the plan here.

MR. RUBENSTEIN: OK, I suppose that's the case. Let me ask you about the process you just mentioned. Under the Constitution, revenue-raising bills are supposed to go first from the House. And so that would mean if you're going to do that, the House bill would pass first. But you're asking House Members to vote for things that might be politically difficult without knowing whether the Senate's even going to pass a bill. Is that going to be hard to do?

REPRESENTATIVE CAMP: Well, as Max said, we meet regularly, and we're both graduates of the – we both completed our sentences on the Supercommittee. [Laughter.] And so we have been talking about these issues for a long time. But you know, we think it's regular order, and you build the bill from the ground up.

And so, you know, we've both been meeting regularly. I've met with every Member of the Ways and Means Committee individually. I'm going to complete my meetings with every Republican freshman in the Congress, lots of listening sessions with Members from off the committee and on the committee, 11 bipartisan working groups, more than 25 hearings in the House. I think together we've had more than 50 hearings. We had the first hearings together on this in 70 years between the Senate Finance and Ways and Means Committees. And so there's been a lot of work done.

And so the idea is how do we get the policy right? It's not this endgame of is there revenue, is there not revenue, but it's how can we develop the policy along the way. And I think in that area, a lot of this, the simplification side of it, it isn't as partisan as you might think on

some of these items. And so we're really trying to focus on those and move forward where we can. And it's not about how we figure out how it's not going to happen. We're sitting around figuring out how we can make this happen.

MR. RUBENSTEIN: But you agree the House will have to go first under the Constitution?

REPRESENTATIVE CAMP: I think so.

MR. RUBENSTEIN: The House will have to pass a bill first.

REPRESENTATIVE CAMP: I think so. I think the House'll go first.

MR. RUBENSTEIN: Senator?

SENATOR BAUCUS: Well, not necessarily.

REPRESENTATIVE CAMP: Yeah, I mean – [laughter] –

MR. RUBENSTEIN: OK. All right, so you don't agree.

SENATOR BAUCUS: No, we agree on the result, and – tactically – we're working out the tactics. For example, we could go first, then put it in a House-passed bill, a revenue bill. They could just substitute – but – and you know, I just think it does make sense for us to look at that, the Senate going first. Dave and I have to make a judgment: Will that help the bill's success – that is, in the House – or will it not? Is it better for the House to go first? That's just something we're going to have to –

MR. RUBENSTEIN: Well, you can argue on the Affordable Care Act, the Senate went first, more or less, you could say.

SENATOR BAUCUS: Yeah, and immigration.

REPRESENTATIVE CAMP: So we've both agreed that whatever avenue it takes to get this done, we're willing to try it. So –

MR. RUBENSTEIN: OK. And the President of the United States – has he called either of you and said, I really like tax reform and I want a revenue-neutral bill or a revenue bill? Has he said anything, or has he indicated – does the Administration care about this much?

SENATOR BAUCUS: They care. They're interested. This is different than '86; '86, President Reagan was the big driver for tax reform. But I don't think that – it's not the absence of – that because the President – President Obama's not pushing as strongly as President Reagan did then, I don't think that's a problem because – and Dave can speak to this better than I – if President Obama were to be out in front, you know, beating the drums for tax reform, it may have a little trouble over at some Members of the House of Representatives.

And it's, I guess, good that he is where he is, namely engaged. We're talking. I spoke to him yesterday. It was with [White House Chief of Staff] Denis McDonough, very frequently with [Secretary of the Treasury] Jack Lew, weekly. Spoke to Jack Lew today. We're talking. We're working our way through all this. And so it's the President – the White House that's very much involved.

MR. RUBENSTEIN: They let you move forward. They're not going to send a bill up, in your view, a bill of what –

SENATOR BAUCUS: That's correct.

MR. RUBENSTEIN: They won't send a bill. OK. And you've had grassroots hearings already. I think you had one in Minnesota.

SENATOR BAUCUS: Yes.

MR. RUBENSTEIN: And are you planning to have any more grassroots hearings around the country?

SENATOR BAUCUS: Yes, several. [Laughter.]

MR. RUBENSTEIN: Can you tell us where you're going to have any of them, or anyplace we might go?

SENATOR BAUCUS: Oh, OK. We're going next to Philadelphia. I think it's the end of the following week. It's the 29<sup>th</sup>, something?

REPRESENTATIVE CAMP: Yes, the 29<sup>th</sup>.

SENATOR BAUCUS: The 29<sup>th</sup> in Philadelphia.

MR. RUBENSTEIN: And so who testifies at these? Any citizen can sign up, or?

SENATOR BAUCUS: Well, they're not really –they're not formal hearings. We have many approaches, but one is to do things a bit differently. We have a joint website that – and we've received 10,000-some submissions. And we want to talk to the country, not just regular, garden-variety, you know, Senate and House hearings, but talk – so we've received those submissions. Now we're going around the country as well, Dave and I, to the Twin Cities a week ago – 3M, a larger company, and Bollinger Bakery, a smaller company. In Philadelphia, it's –

REPRESENTATIVE CAMP: Small business, individuals.

SENATOR BAUCUS: – small businesses, yeah. We're going to talk to somebody who sent us a submission, a very interesting submission, and spend some time with him.

MR. RUBENSTEIN: So in Washington we call deductions tax expenditures now, and so the biggest tax expenditures are things like mortgage interest deduction or charitable interest deduction or, say, municipal bond deduction –

SENATOR BAUCUS: State and local.

MR. RUBENSTEIN: State and local. Those are probably the big four.

SENATOR BAUCUS: Right.

MR. RUBENSTEIN: Which of those is going to go away? [Laughter.] Or reduced?

SENATOR BAUCUS: No pun, but do you have a preference? [Laughter.]

MR. RUBENSTEIN: Well, I have some, but to be serious, you know, obviously you probably can't eliminate all of them; you might moderate. But do you think that the pain should be shared among all of those, or you're likely to just go a little bit more on one, or?

REPRESENTATIVE CAMP: Well, not to cause nervousness in the room, but not everything in the Code is a tax expenditure. So there are items that are not tax expenditures that are certainly going to be looked at, and we both agreed, I mean, to not take the current Code and try to amend it, but try to start – I've said clean sheet of paper and Max has said clean slate and see what we need to put into a 21<sup>st</sup> century Tax Code.

MR. RUBENSTEIN: You've asked Members of Congress in your respective committees, and maybe your whole bodies, to give you ideas of what they want to see or not see. And have you gotten a lot of submissions yet, or how is that going?

SENATOR BAUCUS: Also, not only are Dave and I working together, but Senator [Orrin] Hatch [R-UT], the ranking Republican, and I are working together, which is that we agreed on the approach and the approach is to start with a clean slate. A clean slate is OK, let's get rid of all tax expenditures, roughly valued at \$12 trillion over 10 years – that's a very rough number – and then we start to build back. What do we want to put back into the Code? We start out with \$12 trillion, that's \$12 trillion revenue. So what's that revenue used for? Is that revenue going to be for rate reduction? Is that revenue going to be used for – you know, for static revenue reduction? It's probably almost entirely a rate reduction.

I've asked Senators to send submissions, and they're starting to do that now. And I expect I'll get a flood of them near the end of this month. And just so it's sort of clear, Senator Hatch and I are working together. These submissions go to me, they go to Senator Hatch, and we're keeping them confidential because we want to encourage candid conversation with our Members.

MR. RUBENSTEIN: So has the leadership said in the Senate they will make time for a bill for this, and the same in the House? They will bring it to the floor if you come up with an agreement in your committees?



SENATOR BAUCUS: I have found full support from Senator [and Majority Leader Harry] Reid [D-NV]. He says to me, Max, just tell me what you want me to do. Just tell me what you want me to do. How can I help you?

MR. RUBENSTEIN: OK. But one thing that often people talk about is the value-added tax. That's not a tax deduction because it's not a tax we have now in this country. Is the value-added tax something you'd even consider, or that's not even in the ballpark?

REPRESENTATIVE CAMP: Well, obviously there was a Senate vote on that that sort of, I think, describes that. But yeah, I don't think you want to have another layer of taxation in the Code. But what I've said to my House Members is, if you have something that's scored and that raises the revenue that's described in the budget, we'll look at it. So if there's another type of taxation – whether it's value-added tax or fair tax or some of these other ideas, flat tax, that are out there – as long as the Joint Committee on Taxation scores it and it meets the benchmarks, we'll obviously consider that in the committee.

And we've done a bipartisan process with the working groups a little bit differently than the Senate. We've had 1,300 submissions on that either from groups or other Members, and obviously compiled that in a joint committee report that has been issued.

SENATOR BAUCUS: And I want to add to that, too. There is some interest in the Finance Committee to do what you just suggested, and part of this is just sitting down with our Members and let's find out how much support there may or may not be.

MR. RUBENSTEIN: In the last Congress, I guess at the end of the Congress or in the lame-duck part of it, the Congress agreed to increase the capital gains rate I think from 15 to 20 percent and the dividends rate as well. Now that that has increased, do you think it's likely that it will ever go up again in this reform bill? Or are you kind of done with that, or maybe capital gains could go up, could it go down? But probably not. But what would you – [laughter] – would you like to say that, as to capital gains, that's not likely to be changed? Or you can't say anything yet?

SENATOR BAUCUS: That's right. [Laughter, laughs.]

MR. RUBENSTEIN: I can try.

SENATOR BAUCUS: [Laughs.]

REPRESENTATIVE CAMP: It is a good try.

MR. RUBENSTEIN: Marginal rates. You think marginal rates could go up for high-income people as well, or you just can't say yet?

SENATOR BAUCUS: Everything's on the table.

MR. RUBENSTEIN: Everything's on the table, OK. All right, I'm not going to get specific.

REPRESENTATIVE CAMP: But I think growth and simplicity and fairness and – you know, I obviously say revenue neutrality, but those are the things that are sort of the benchmarks that we're trying to look at. Those are kind of the parameters.

MR. RUBENSTEIN: Let's shift to another subject for a moment, the Affordable Care Act. Your committees dealt with that before, and the President has announced that he's going to postpone implementation of one part of it, an important part, for one year. Is that of concern to you, or do you think that's a good decision to postpone it for a year, the coverage?

REPRESENTATIVE CAMP: Well, I mean, obviously we just had votes on this yesterday in the House, and it was a bipartisan vote not only to codify what the President did with regard to the employer mandate, but also to repeal the individual mandate or postpone it for a year. So I think there are a lot of concerns.

And I guess, you know, I think there were so many Democrats supporting the individual side, is it – if you're going to do this for business, what about for individuals and families? And so I do think, even though we had assurances that this would be implemented on time, it's not moving on time. There are lots of problems with it. And so I think this is clearly an indication – the Teamsters just wrote a letter to the leaders, the Democrat leaders, and basically said this is going to destroy the ability of working Americans to have health care. So I think that these problems have to be admitted, and I think we need to clearly look at it.

Now, the only bill that actually reduced premiums, according to CBO, was the Republican version that was debated during the health care debate. I think that the direction we want to go is, how do we get premiums down so people can afford insurance?

MR. RUBENSTEIN: Now, Medicare is often said to be one of the biggest problems in the federal government's budget because it's growing at a very large rate. Are you planning to do anything on Medicare in this Congress, either of your committees, in terms of dealing with the problems there?

SENATOR BAUCUS: Let me go back to the last question. Dave and I are – [chuckles] – on track with tax reform – [laughter] – we have a slightly different view on implementing the Affordable Care Act. I believe that it was proper for the Administration to delay for one year the employer mandate. It's a big act. I supported the bill strongly, spent a couple years working on it to get it passed.

The individual mandate, though, is more of an integral part of the statute because actuarially it is important that young males sign up so that health care is provided for everybody and also the expansion of Medicaid. So I'm spending a lot of time with the Administration on implementation. I just want this bill to be implemented correctly.

It's here. The Supreme Court upheld it. It's not going to be repealed. So let's make it work the best way we possibly can. That's the course I think we should take.

MR. RUBENSTEIN: On Medicare, do you think there's any solution to that in this Congress?

REPRESENTATIVE CAMP: I do. I mean, we in the committee announced a series of hearings on entitlements, including Social Security and Medicare, released a discussion draft on some parts of, you know, sort of the ideas that are out there, legislative language in terms of Social Security. A lot of this has been discussed for many years, whether it's in Rivlin-Domenici or whether it's, you know –

SENATOR BAUCUS: Bowles-Simpson.

REPRESENTATIVE CAMP: – via Bowles-Simpson or Biden-Cantor or Supercommittee. So a lot of these ideas are there. I think now what we need to do is really set sort of the committee structure to really build the background for that.

You know, I think there are obviously different views on how to approach that, but clearly I think that needs to be part of the discussion, especially as we move into these issues that have to be resolved by the end of the year. Whether it's debt limit or others, those are going to have to be resolved. And those might have an opportunity to come forward to help us resolve some of those other issues.

SENATOR BAUCUS: And I might say it's not too difficult conceptually. As Dave and I have been on other efforts – you know, Bowles-Simpson, Supercommittee, on Biden –

REPRESENTATIVE CAMP: No. Thank God. [Laughter.]

SENATOR BAUCUS: But – and this is an interesting point, because those efforts failed in part – Supercommittee and Biden deficit reduction – because two-thirds of the Members had no knowledge of the subject. That's a bit of an exaggeration, but they were not on appropriations committees, they are not on the Finance or Ways and Means Committee. So two-thirds of the time was educating Members of the committee as to our appropriations provisions as well as our tax as well as our entitlement provisions. But we've had a lot of these meetings now, in the Supercommittee for example. So we tend to know what the major pieces are with respect to entitlement reform. So if there's a role there sometime this fall, that can be put together pretty quickly. The important point is that the committees of jurisdiction are involved because they're the committees that do know better the ins-and-outs and the tradeoffs that are involved.

MR. RUBENSTEIN: Now, both of you have served on the so-called Supercommittee. And since the Supercommittee couldn't come to an agreement, sequestration more or less went into effect, and it's in effect now and it seems like it'll be in effect for a while. Do you think if the Supercommittee were to reconvene today – the same Members – they would try to come up with a solution because they don't like sequestration, or would they come up with the same solution?

SENATOR BAUCUS: Well, it's interesting.

REPRESENTATIVE CAMP: I'll let you do that one, OK? [Laughs, laughter.]

SENATOR BAUCUS: No, it's very interesting. Two-thirds of the way through the Supercommittee, because it's so difficult we weren't getting very far. And, sidebar, [Senator] Patty Murray [D-WA] and [Representative] Jeb Hensarling [R-TX], the co-chairs, hadn't ever met each other until the committee began.

REPRESENTATIVE CAMP: Right. That's right.

SENATOR BAUCUS: You know, and that's part of the problem here, that Members of Congress and the Senate just don't work together very much, and it's a process I initiated, man oh man, I'm talking to everybody and encouraging all of us to talk to everybody. Dave's talked to all of Ways and Means. I'm meeting with every single Senator on tax reform. We've put together, you know, we call 'em burgers and beer. Twice a month it is six House Members, six Senators, and just get to know each other and just talk together.

But my point I was going to make is that, back in the Supercommittee, things are getting bogged down, we weren't getting very far. And the committee said, well, let Max and Dave do it.

REPRESENTATIVE CAMP: Yes.

SENATOR BAUCUS: And so they turned it over to us, to Dave and to me. And we sat down, our staff sat down, it was a lot of hard – and we came up with a solution.

REPRESENTATIVE CAMP: We got close. Yeah, we did.

SENATOR BAUCUS: And it was not \$4 trillion debt reduction; it was about \$3 trillion, as I recall.

REPRESENTATIVE CAMP: We got close.

SENATOR BAUCUS: And we then had a little resistance with the leadership.

MR. RUBENSTEIN: The problem isn't with you two, in other words; it's maybe other people in the Congress, or?

REPRESENTATIVE CAMP: Well, this idea that you're going to have a small group of people that impose something on the rest of the Congress is not going to work. So I think one of the things that was important to do – and that's why we've had so many hearings and so much outreach on tax reform – is to really involve Members. So I don't think reconvening a Supercommittee would really be helpful because of that dynamic.

And so that's why, on the entitlement piece you were mentioning, we're doing hearings, we're putting out legislative texts, so that this, you know, is a possibility. It doesn't mean you're going to succeed, but I think your chances of succeeding are a lot better if you've got that kind of process. Again, you build a bill from the ground up. You have people involved. And more importantly, you have interested parties, stakeholders, who actually are a part of this process.

SENATOR BAUCUS: It's a really good point. We in the Finance Committee over the last couple, three months meet weekly, Members only, to go over different parts of the Code. Because so many Members of the committee are new or because we have not passed a major tax bill since '86, it's a wonderful learning process. Now, that's a double-edged sword. One edge is people don't know much, but the good side is that they don't know much. Experts explain different parts of the Code to us and the Senators around the table, bipartisan, ask questions. We're mutually searching together to try to get the facts. And it's bringing us together psychologically and we get to know each other better and building trust together. And – it's Dave's point, the more we can just keep – build trust up, the more it's going to help here. So –

REPRESENTATIVE CAMP: And even, you know, most Members know, you know, the three or four provisions that are important to their state or their district or that they've gotten interested in. But when you're doing the entire Tax Code, I mean, nobody is an expert on the entire Tax Code. So it is important to really have those opportunities to work through it as opposed to try to impose a solution.

SENATOR BAUCUS: Right.

MR. RUBENSTEIN: Would you have the same view on Simpson-Bowles or Bowles-Simpson if that Commission's recommendations had been adopted by the Congress, do you think we'd be better off today or worse off today?

SENATOR BAUCUS: Well, first of all, Bowles-Simpson performed a terrific service – bipartisan, trying to address the debt problems this country faces, both spending and revenue sides. It was – but it's changed a lot over time. There are different versions of Bowles-Simpson. Many Members of Congress say pass Bowles-Simpson not knowing what's in Bowles-Simpson. And if they knew the details, it would get really hung up.

I believe that we couldn't – you can't willy-nilly just layer Bowles-Simpson on top of what we're doing. Rather, take a lot of their work too – they did a lot of valuable work, as did Rivlin-Domenici and others – and as Dave said, take, at least with respect to the Finance Committee, the Ways and Means Committee, just build it up there. So those are the committees of jurisdiction, and they also want to be involved. So I think that's a process we're undertaking, is saying, what has a better chance of success?

MR. RUBENSTEIN: Now, when you joined the Senate in 1978, the Chairman of the Senate Finance Committee was Russell Long [D-LA].

SENATOR BAUCUS: Correct.

MR. RUBENSTEIN: And how did the committee operate in those days? A little differently? And how do you say generally, since you've been in Congress for a while, how is Congress really different than when you first came? Is it much more rewarding or much more frustrating?

SENATOR BAUCUS: Well, you asked two different questions. [Laughter, laughs.]

MR. RUBENSTEIN: OK. Well, you can pick either one.

SENATOR BAUCUS: OK. [Laughs.] The committee is pretty much the same. We're quite collegial. We work pretty well together. That's not changed much. It's the Congress and this town that has changed since then, and that does have some influence on the committee. But basically we're very collegial, we work together, I think probably because a lot of its work is trying to figure out how to put those pieces together as opposed to, say, the Judiciary Committee's abortion and constitutional issues.

MR. RUBENSTEIN: But when you first came to Congress, did Democrats and Republicans talk together more, or is that just a myth?

SENATOR BAUCUS: It's not a myth. We talked more. There was – and I don't want to take too much time here – when I arrived, there was this private Senators' dining room that you know about. It's a little room for Senators only just off the Senate Dining Room. Only Senators; no spouses, no staff, no nobody, just Senators. It was a wonderful place to go just to go see who's going to be in there and to get to see and meet other Senators that you otherwise wouldn't meet or, more importantly, talk to them about their kids and their families and talk about legislation. It's empty now. Nobody goes there anymore. Why? Because they're doing other things. What are they doing? They're going to all these doggone party lunches – Tuesdays, Wednesdays, and Thursdays. So all those Democrats, all we Democrats, we're having lunch together, saying all those nasty people down the hall, those Republicans, they're terrible. And Republicans are meeting doing the same thing, all those nasty Democrats.

So it's fundraising. Fundraising, during our noon hour – lunch – noontime pulls us apart, too. It's also symbolic of how we just don't talk enough.

MR. RUBENSTEIN: When I get invited to have lunch there, I thought it was a big deal. Now you're saying it's not that big a deal because everybody's elsewhere. [Laughter.] OK, I got it.

So was the House much more partisan than you possibly imagined when you when you joined?

REPRESENTATIVE CAMP: Well, you know, obviously the biggest difference on the Ways and Means Committee is I got on the committee in the minority and now I'm in the majority and chairing the committee, so that's a big difference. [Chuckles.]

But, you know, it was not exactly completely bipartisan then. I mean, you know, the Chairman then had proxy voting and was able to throw the press out of the room and go back and write the bill how he wanted to. So it was a very different time, but you know, I do think there was more sort of discussion and, I mean, you know – for example, Democrat Bob Matsui [D-CA] was actually very friendly to me always. We got to know each other. We were friends on the committee. I think over time there's been less of that.

I think that's why there was such a great response from our Members on these bipartisan working groups. Their schedulers had to call each other. They actually had to meet, and they actually found they enjoyed working together.

So I do think we need to get back to that. I think over time that's eroded. You know, the House typically is more one party rule than the Senate, and that's sort of the way this whole government was structured in terms of that.

But I do think, given that there is a Republican House, a Democrat Senate, and a Democrat President, a bill to be signed is going to be bipartisan. I mean, it doesn't take a scientist to figure that out.

So that's what, you know, I think is important, at least on this and other issues, and look, we've had seven bipartisan trade bills signed into law. I mean, both Max and I have worked very closely on those, and I think that is a model for how we need to do some of these other things.

MR. RUBENSTEIN: And I'm reminded of a story. When Senator Russell Long was the Chairman, he was the Chairman for a long time in the Finance Committee, and in the 1980 election the Senate went Republican.

SENATOR BAUCUS: It's a good story. [Chuckles.] I've heard it.

MR. RUBENSTEIN: And so somebody said to Senator Dole, you're going to be Chairman of the Senate Finance Committee. And he said, yeah, but who's going to tell Russell Long? [Laughter.]

SENATOR BAUCUS: Russell, yeah, yeah, yeah. That's true.

MR. RUBENSTEIN: So the fact that both of you will not – well, unless there's a waiver in the House – and maybe there could be one, but let's assume for a moment there isn't – neither of you will be in their current position in the next Congress. Does that make it easier for you to get tax reform through, or harder?

SENATOR BAUCUS: Easier.

MR. RUBENSTEIN: Easier. All right.

SENATOR BAUCUS: Because I have much more time to devote to it. I'm not campaigning. Don't have to go out there with my tin cup, you know, and ask for campaign contributions.

MR. RUBENSTEIN: Right.

SENATOR BAUCUS: And psychologically, it's helpful, because I'm doing what I came here to do: legislate, not campaign, but to legislate. I like doing stuff, so it's helping a lot.

MR. RUBENSTEIN: So just on a personal side, when you retire at the end of the Congress, do you intend to do teaching, business, law, go back to Montana, run more marathons? What would you like to do?

SENATOR BAUCUS: Nice try. [Laughter.]

MR. RUBENSTEIN: All right.

SENATOR BAUCUS: No, I don't know yet. We'll figure that out.

MR. RUBENSTEIN: But you do run marathons.

SENATOR BAUCUS: Yes.

MR. RUBENSTEIN: And you run ultramarathons.

SENATOR BAUCUS: I have.

MR. RUBENSTEIN: And what's it like to run – what's it? A hundred miles or something?

SENATOR BAUCUS: I only do 50s.

MR. RUBENSTEIN: It's only 50. OK. [Laughter.] Fifty miles. OK. All right. And Congressman, are you interested in having a waiver, or would you think of maybe running for the open Senate seat in Michigan?

REPRESENTATIVE CAMP: [Chuckles.] Well, look, in the House we have two-year cycles all the time, and there's no guarantee that you're going to have the majority after two years. So you know, I think in the House we tend not to have sort of that longer view.

MR. RUBENSTEIN: OK.

REPRESENTATIVE CAMP: So look, you just make the most of the two years you have. That's what I'm going to do, and that's where I'm focused.

MR. RUBENSTEIN: All right.

SENATOR BAUCUS: They'll give him a waiver.

MR. RUBENSTEIN: OK. All right. [Laughter.] All right. OK. So –

REPRESENTATIVE CAMP: They have happened before.

MR. RUBENSTEIN: On trade – let's talk about trade for a moment. You know, the Administration would like to get a trade agreement in Asia and, to do that, it needs what's called fast track authority, so there's no amendments.



SENATOR BAUCUS: Right. Right.

MR. RUBENSTEIN: Do you think that you can get the fast track authority for the TPP [Trans-Pacific Partnership] and the Asian Agreement?

SENATOR BAUCUS: Yup. I do.

REPRESENTATIVE CAMP: I do.

MR. RUBENSTEIN: Yeah.

SENATOR BAUCUS: We're introducing a bill hopefully by the end of this month – it might slip till September, but yes, Senator Hatch and I talked about this just yesterday, and we have something called “the Big Four,” you know –

REPRESENTATIVE CAMP: Right.

SENATOR BAUCUS: – Dave and I and our staffs and [Senator Sander M.] Sandy Levin [D-MI] and –

REPRESENTATIVE CAMP: Right.

SENATOR BAUCUS: – and Hatch – the four of us meet on issues that are relevant to our committees, and this is clearly one, and we're close to getting agreement on TPP.

REPRESENTATIVE CAMP: Yeah, we've been working on it.

SENATOR BAUCUS: Right.

MR. RUBENSTEIN: OK. Think that'll get done?

SENATOR BAUCUS: Yeah.

MR. RUBENSTEIN: And today, as the Chairman of the Finance Committee, today you meet lots of people. Lobbyists come in. Businesspeople come in and so forth. What is usually a persuasive argument to something? I mean, is it just, you know, here are the merits? What do you find is persuasive when you hear people talk?

SENATOR BAUCUS: Well, it's like anything else.

MR. RUBENSTEIN: The truth.

SENATOR BAUCUS: Yeah, is it right? Does it make sense? Has it considered all the relevant points of view, not just special pleader, me, me, me?

REPRESENTATIVE CAMP: Right.

SENATOR BAUCUS: Is it thoughtful?

MR. RUBENSTEIN: How does somebody persuade you?

REPRESENTATIVE CAMP: Well, I think both of us were pretty inspired by what we saw in Minnesota when you get out and actually get a real-life situation. And we saw, for example, at 3M the incredible innovation and the great things that Americans are doing –

SENATOR BAUCUS: It was.

REPRESENTATIVE CAMP: – and then heard about how the Code was making it harder for them to do that, and then going to the bakery that Max mentioned, four generations of a family running this bakery and, you know, how they've been able to innovate.

And so when you can take the issue and then personalize it and to make it understandable, I think those are the, you know, important meetings. And that sometimes happens in meetings. You get a picture of that as well. But that's why I think, you know, the trips that we're going to take going out are going to be so helpful.

SENATOR BAUCUS: And I might say too that I was struck – there's a recent Harvard Business School survey of 10,000 Harvard Business School grads who said that the primary problem they have is U.S Tax Code. That is, these are people around the world, and it's our complexity, U.S. Tax Code complexity. It's our higher rates. It's both. But I think the most difficult problem they have with respect to doing business in the United States is our Tax Code.

MR. RUBENSTEIN: Let me address that issue. Right now, some people come to Members of Congress and say, let's bring cash back from overseas –

SENATOR BAUCUS: Right.

MR. RUBENSTEIN: – because if we do that, we'll have more cash in the United States, create more jobs and so forth, and let's have it brought back at a lower tax rate. The Joint Revenue Committee basically says this money is ultimately going to come back at a 35 percent tax rate. So if it comes back at a lower tax rate, we're going to have a bigger budget deficit.

But is it fair to say that it's never going to come back, and therefore is there any way out of this dilemma? Because right now you're assuming it's coming back, but it's probably never going to come back, and so you're never going to get this money, and therefore you're worse off. How do you solve that problem?

REPRESENTATIVE CAMP: Well, you know, in the House I've put out three discussion drafts, and one is on the international piece. And I think it's critical that, on a regular basis, companies are able to bring back those dollars that they have earned overseas without a double tax. And

that's one of the areas where we're not competitive – obviously the statutory rate and other things. So we need to do that, not in a one-time – not in a holiday –

SENATOR BAUCUS: Right.

REPRESENTATIVE CAMP: – but in a regular basis. And so in the draft that's out there, there is an ability to do that. There's some base erosion options on that, and we're obviously working through that in the committee to try to find – and obviously we've gotten a lot of feedback. It's been out there since October of last year. So it's an area that is very complicated, affects different industries and different sectors different ways. But it is essential for us to compete in the world.

And look, they think it's now almost \$2 trillion. How can we get that invested here in the U.S. to create jobs here? We want these large multinational companies platformed in the United States doing business around the world, because the jobs that are there that are supporting that activity are incredible jobs.

SENATOR BAUCUS: Yeah.

REPRESENTATIVE CAMP: So –

SENATOR BAUCUS: We're on the same page – sorry.

REPRESENTATIVE CAMP: Yeah.

SENATOR BAUCUS: We're on the same page on that one. As Dave says, not one-off, but we've got to set up a system where those dollars are not trapped overseas.

MR. RUBENSTEIN: And right now QE3 has been something that people have talked a lot about and whether the Federal Reserve will taper off the mortgage buying. Do you have a view on whether QE3 was a good thing, not a good thing, should be tapered or not? And do you have a view on whether Ben Bernanke should have another term?

SENATOR BAUCUS: Well – [chuckles] – that's up to Ben Bernanke. [Chuckles.] But I think he's done a good job. I think quantitative easing has been very helpful. It's been helpful to the U.S., European banks. Easing credit's been helpful. Japan – it's helpful. Interest rates are low. He's certainly concerned about potential long-term inflation. But I think he's done a super job. My understanding is, he'd rather not have another term, but if the President prevails upon him, maybe he will be serving another term. I don't know. Sounds like the President's not going in that direction. But I think he's done a good job.

He makes a point, though, which I think is also valid, namely, he's doing the best he can with monetary policy, and he's saying, you know, hey, you guys over there – a little better fiscal policy – Congress and the President – and that would be helpful too.

REPRESENTATIVE CAMP: Right.

MR. RUBENSTEIN: Your view of Ben Bernanke? How is he regarded in House Republican circles?

REPRESENTATIVE CAMP: Well, I mean, I think a little differently in the sense of I think the concern about inflation and the printing of money is a fairly significant one. But again, it's not the total picture. We have a lot of work to do in the House in terms of the budget and the deficits and trying to get pro-growth policies. And you know, as you look at that, that's why we both think tax reform is so important, because if we can get economic growth and we can get jobs, that will mean more revenue to the government. And I think, you know, having GDP less than 2 percent is completely unacceptable.

So I think that there's a lot for us to do. I think we've had a lot of quantitative easing, just from my view. Some of it was necessary, but I think we're at a point where I'm very concerned about the long-term inflationary aspects of that.

MR. RUBENSTEIN: So if people are watching on C-Span or people in this audience were interested in tax reform, what is the best way to communicate with you or your staffs about the preferences they want to keep or the ones that they want you to add or the – how they would change it? Is it just to write your staff or to send you emails? What is the best way to communicate with you?

SENATOR BAUCUS: Well, all the above.

REPRESENTATIVE CAMP: Yeah.

SENATOR BAUCUS: It's – you know, we have a website: [taxreform.gov](http://taxreform.gov). A lot of people use the Internet these days and – write us, call us up. We're both very accessible.

REPRESENTATIVE CAMP: Well, I'd say [taxreform.gov](http://taxreform.gov) for somebody just watching and they're around the country – that's probably the easiest way to get that right into – and we're going through those. So –

MR. RUBENSTEIN: Now, Congressman, you just celebrated your 60<sup>th</sup> birthday last week, so congratulations.

REPRESENTATIVE CAMP: Thank you for reminding everyone of that. [Laughter.]

MR. RUBENSTEIN: You know, I'll just give you a hint. When you turn 60, as I did a few years ago, people come up to you all the time and say, you look good today

REPRESENTATIVE CAMP: [Laughs.]

MR. RUBENSTEIN: – as opposed to what – anyway, you had a health issue a while ago, because people who are watching would be interested to know you dealt with non-Hodgkin's lymphoma.

REPRESENTATIVE CAMP: Yes.

MR. RUBENSTEIN: And you were fully treated, and you are in complete remission.

REPRESENTATIVE CAMP: Yes. Well, thank you for asking on that. Yes, and completed the treatment, and obviously there are 24 different kinds of lymphoma. There are many different kinds. But obviously the one I had was very treatable. I went through the treatment and successfully completed it.

So I had a lot of encouragement and support. And obviously if you know anybody who's going through something like that, don't hesitate. Send him that text or write him that card, because it really does help you, if you're going through that, to know that there are people out there thinking about you.

MR. RUBENSTEIN: So final question for both of you: You've served distinguished careers in the Senate, in the House. Now, knowing everything you know about it – what it is to be a Member of Congress – would you have decided to do this with your career, knowing everything you now know? [Laughter.] Was it the career that you are happy with and fulfilling, and you're very satisfied with what you've accomplished? And what's been the most frustrating thing about having this job?

SENATOR BAUCUS: Well, I would not have it any other way. I think it's the best job in the world. I feel so lucky to be able to serve Montana in the United States Senate, be involved with all these issues that we're talking about and trying to make a difference in many more issues. There are frustrations, obviously, with everything, but the rewards, the psychic rewards, you know, just of service, public service, to me, more than outweighs any of the potential frustrations. I recommend it for anybody – everybody.

MR. RUBENSTEIN: But you've had your last election.

SENATOR BAUCUS: I've had my last election. I'm now looking at the next chapter, trying to figure that out.

MR. RUBENSTEIN: OK. All right.

SENATOR BAUCUS: But I wouldn't have changed anything.

REPRESENTATIVE CAMP: Well, I may not have had my last election, so I may look at it a little differently, but yeah, I think probably the thing that is most interesting is just the, you know, quality of people and things they're doing that you learn in a job like this, where you're exposed to so many different, you know, industries and people from different walks of life. And I think you just come away with this huge respect for the freedom this country offers people and what they're able to do with it.

Obviously we have a lot of needs, and I realize not everybody is successful, and I don't come from a wealthy district. But it is really important to see what this country can offer.

So I just come back with a great respect for America and for the people who have made this country great, and most of them – [chuckling] – are not in the U.S. Congress. But you do get an opportunity to see all of that.

SENATOR BAUCUS: Yeah, it's just important for us to remember how lucky we are to be Americans. I think we sometimes take that for granted.

REPRESENTATIVE CAMP: Yeah.

SENATOR BAUCUS: We are so incredibly lucky. You don't see people heading north to live in other countries. Rather, they want to live in America. That's why we have immigration legislation. But we are really lucky. I don't want to go too far down this, but you know, in Scripture, much is expected from those to whom much has been given. We, as Americans, have been given so much. And we have an obligation to give back, and it's wonderful giving back.

MR. RUBENSTEIN: Senator, thank you for your distinguished service over many years in Washington. And obviously you have several years to go.

And Chairman Camp, thank you very much for what you're doing, and thank you very much for being here today. Enjoyed it.

REPRESENTATIVE CAMP: Well, thank you very much, David. Thank you. [Applause.]

SENATOR BAUCUS: Thank you, David. Thank you.

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## Senator Max Baucus (D-MT)

CHAIRMAN, SENATE FINANCE COMMITTEE



Senator Max Baucus (D-MT) is the senior Senator from Montana. Before joining the Senate in 1978, he served Montana in the U.S. House of Representatives from 1975–1978. He has been Chairman of the Senate Finance Committee since 2007, a position he also held from 2001–2003. As Chairman, he has worked to cut taxes for hard-working

Americans, improve the health care system, protect Social Security and Medicare, and open new markets for trade.

Additionally, Senator Baucus is Vice Chairman of the Joint Committee on Taxation and was a member of the Joint Select Committee on Deficit Reduction, a 12-member, bipartisan panel created by Congress to find solutions to reduce the deficit by at least \$1.2 trillion.

Since announcing in 2013 that he would retire at the end of his current term in 2015, Senator Baucus has made achieving comprehensive reform of the U.S. tax system his chief priority for the remainder of his time in office. Recently, he and Senator Orrin Hatch (R-UT), the ranking minority member of the Senate Finance Committee, sent a “Dear Colleague” letter to the other members of the Senate proposing a “blank-slate” approach as a legislative starting point for tax reform. They called on Senate colleagues to provide proposals for tax expenditures and other provisions that should be added back to a reformed Code. The Senators stressed that tax expenditures and other provisions should be added back only if they help grow the economy, make the Tax Code fairer, or effectively promote other important policy objectives.

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## Representative Dave Camp (R-MI)

CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE



Congressman Dave Camp (R-MI) has been a Member of the House of Representatives since 1990. He has served as a member of the Committee on Ways and Means since 1993 and became Chairman in 2011. Throughout his tenure in Congress, Chairman Camp has been an advocate for lower tax rates for American families and employers and a long-term overhaul and simplification of the U.S. Tax Code.

As Chairman of the Ways and Means Committee, Congressman Camp’s focus is on creating an environment for sustained private sector growth and job creation. He maintains that comprehensive reform of the Tax Code—addressing both the corporate and individual side—is critical to achieving that goal. Chairman Camp’s initial hearing was dedicated to the subject of tax reform and he has since worked with the U.S. Treasury Department and Senator Max Baucus (D-MT), the Chairman of the Senate Finance Committee, to reduce complexities in the Code that impede economic growth.

Chairman Camp served as a member of the Joint Select Committee on Deficit Reduction, a 12-member, bipartisan panel created by Congress to find solutions to reduce the deficit by at least \$1.2 trillion. He also was one of three House Republicans who served on the National Commission on Fiscal Responsibility and Reform, commonly known as the Bowles-Simpson Commission. The Commission, formed in February 2010, was charged with identifying policies to improve the U.S. fiscal situation and achieve long-term fiscal sustainability. Chairman Camp co-led the Commission's Tax Reform Working Group and was a member of the Mandatory Spending Working Group.