The New England Council
Principles for Effective Tax Reform
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The New England Council supports efforts to modernize and simplify the existing tax code. It is clear to us that the time has come to make a concerted effort to fundamentally reform the nation's tax laws. As House Ways & Means Committee Chairman Kevin Brady (R-TX) has frequently said, "tax reform is truly one of those once-in-a-generation opportunities." As part of the Council's advocacy efforts, we have developed several key principles for tax reform. Collectively, they represent the New England business community's common thoughts on how to implement a tax code that works for everyone.

Improvement – It is clear from discussions with our member companies that they view the current tax code as a clear obstacle to doing business. They believe that tax reform is a necessary element of making the United States a better place to do business. They expect that such an effort will not only simplify the tax compliance burden, but will also encourage economic growth and job creation that improves their operations and those of their counterparts throughout the nation. While it may sound simple, tax reform should help, not hurt, America's job creators.

Simplification – The New England Council supports efforts to simplify the tax code for both businesses and individuals. By-and-large, New England Council members agree that the tax code is far too complex, and full of loopholes and credits that are difficult to monitor and even harder to interpret. It is striking that, according to some estimates, more than 4,400 changes have been made to the U.S. tax code over the past decade alone. By making it easier to file taxes and read the code properly, businesses will have the ability to spend less time and effort completing onerous paperwork and more time making and selling goods and serving their customers.

Comprehensiveness – New England Council members have expressed their belief that a tax reform package deserves to be bold, and that means it should include both corporate and individual changes in the same deal. While the business community is of course concerned with how tax changes will impact their own industries and firms, they are also concerned with the well-being of their employees and the families and individuals who they serve. By making tax reform truly comprehensive, it will ensure that no one is left behind in the discussion.

Permanence – Certainty is always the first choice in the business world. Knowing what to expect for years to come is a critical component of the decision-making process related to workforce, equipment, and projected growth. The certitude that comes with knowing what the country's tax code will look like long-term is a critical element that will ideally be incorporated into any tax reform package.

Inclusivity – The process of overhauling the tax code should garner widespread input from the business community. To this point, the Council has appreciated efforts made by both the Trump Administration and the relevant Congressional committees – as well as the previous effort by former Senate Finance Committee Chairman Max Baucus and former House Ways and Means Committee Chairman Dave Camp, which yielded a detailed proposal – to reach out to the business community and listen to industry. It is our hope that any final package will reflect detailed policy proposals submitted from business.

Saving – New England is home to some of the nation's – and the world's – top asset managers, who help Americans save for a fruitful and well-earned retirement. Yet, as study after study has shown, Americans are not saving adequate resources to meet unexpected life emergencies, let alone retirement. Retirement savings and the incentives that make them possible are not just about helping working Americans provide for income in retirement. Savings policy is also about sustaining a flow of funds that has become critical to keeping America's capital markets strong and thereby financing overall economic growth. Any policy that helps spur savings also spurs growth. Conversely, any policy that undercuts savings is a drag on future growth. Personal solvency and national solvency reinforce each other; they should never be pitted against each other. Instead, the tax code can and should be a powerful driver for encouraging the American people to increase their saving rate. As such, any changes to the tax code should not only preserve critical retirement savings incentives, but should also enhance those measures.

Innovation – In addition to incentivizing economic growth here at home, another important element of the new tax code should be incentivizing innovation in America. The New England Council applauds Congress for making the Research and Experimentation (better known as the R&D) tax credit permanent as part of the Protecting Americans from Tax Hikes (PATH) Act of 2015. As U.S. companies face increasing global competition, it is essential that the tax code be further enhanced to encourage innovation and investment here at home.

Investment – Savings from a comprehensive tax reform package would be reinvested in new equipment, business expansion, and employee wages, helping produce much needed economic growth. Additionally, many New England Council members further invest in their country and communities in a variety of other ways. For instance, New England is home to some of the nation's preeminent colleges and universities that benefit from critical resources donated by generous alumni, businesses, and community members to help educate and train the next generation of America's workforce and civic leadership. Furthermore, New England Council members frequently pay state and local taxes, including property taxes, that are investments in communities and help grow our local economies. The tax code should enable and not deter businesses from making these investments in the local communities in which they operate, and where they employ so many of our fellow citizens.

Competitiveness – Many of our New England members are global companies with US headquarters, and the United States' worldwide system of taxation and high corporate rate together create an uncompetitive tax regime that hinders their ability to compete with global competitors in the US market and in global markets, and incentivizes inversions. An important goal of tax reform should be to level the playing field with respect to taxation, which will also help stem further base erosion. In addition to lowering the corporate rate and moving toward a territorial system for all sectors, companies with similar operations should be taxed equitably, whether located within the United States or operating globally.