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Raising Revenue: The Options - Opening Remarks

Hello I've been asked just to begin with a few words about where we are in tax policy, but first I have to say that the very few things I have to say are not the views of congressional resource service necessarily. Historically taxes have been between 16 and 21 percent of output. Right now they're actually 15 percent. They're pretty low right now, a lot of that because of the recession. And the CBO projects that it will go up to about 20 percent of GDP which is not as good as its been in the past but up towards that end, but that depends on the expiration of Bush tax cuts, not fixing the AMT, not extending any of the provisions that were acted in the recent recovery act and other extenders that we have. If those are all extended, then the CVBP has estimated that it can fall to 17.4 percent.

So facing the spending challenges that you've all seen here today we're actually, unless we can avoid extending those tax cuts, are not going to be even in the good position to start. And even if we do extend them we're still lower then we have been in the past. So that creates a lot of challenges for revenues. Out of those sources of revenues the payroll taxes have been about constant with respect to GDP, about a little over 6 percent and they look to stay that way. The corporate tax continues to be at a historical low partly because of corporate tax burdens have been a historical low, partly because there's an enormous amount of business income channeled through the non-corporate sector and perhaps there's a loss from profit shifting abroad. But the big decline that can be expected for policy in the next couple years would be in the individual income tax. We would lose about a quarter of the projected revenue if these various income tax cuts are extended. So like everything else it's kind of a gloomy picture here but I hope our panelists are going to tell us how to fix that picture.

Our three panelists, I'll be brief with the introductions. They're all very well known in Washington and in the tax community. They've all written widely, they've spoken widely and they've provided policy advice both informally and in congressional testimony. They've written books and papers and all of that so I won't go through all of that; some of that is in your bio. I'm just going to introduce the three speakers in the order that they'll present and I won't be saying anything else.

The first speaker is Bill Gayle, who's the RJ & Francis Miller Chair at the economic policy at the Brookings institution. And he's also a co-director of the tax policy center, which has become a marvelous and valuable Washington institution on the consumer with their numbers so I urge them to keep going with that. They provide numbers that nobody else does. He's also the director of the retirement security project supported by the Pew Charitable Trust. And in the past he's been a professor at UCLA and worked on the Council of Economic Advisors. Our second speaker is Ed Kleinbard. He's currently a law professor at the Southern California Law School. But previous to that he served as the Chief of Staff of the Joint Committee on Taxation. And prior to that he was a partner in a New York law firm. And I told him at lunch I wish I knew everything that was in his

head about corporate tax. I wish I could kind of just funnel that all in. And our third speaker is Lily Batchelter. She's a law professor at New York University. And she's also affiliated at with the Urban-Brooking Tax Policy center. And before that she was with a private law firm. So I'll just ask them to speak in that order.