

United States Senate

WASHINGTON, DC 20510

July 6, 2011

Honorable Barack Obama
President
The White House
Washington, DC 20500

Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20510

Honorable Harry Reid
Majority Leader
U.S. Senate
Washington, DC 20510

Dear Mr. President, Mr. Speaker and Mr. Leader,

Like many Americans, we are frustrated that the debt-ceiling negotiations have devolved into a partisan stalemate. While some may argue that just singling out programs and tax breaks offers some short-term political advantages, this debate doesn't create winners. A short-term agreement to extend the debt-ceiling also doesn't give the American people anything to cheer. It doesn't create jobs, increase economic certainty or even guarantee that Congress and the White House won't be locked in a similar stalemate next month or next year.

We have had this debate before and we will keep having this debate as long as we continue to argue around the edges of the country's economic and budgetary problems. This is not a problem that either party could solve by just taxing or just cutting. As the Commission on Fiscal Responsibility and Reform found, resolving the nation's debt crisis demands comprehensive, structural change, including tax reform. As you negotiate an agreement on the debt ceiling, we believe you must use this unique opportunity to move beyond debates focused only on piecemeal cuts to government programs and tax provisions targeting specific industries and incorporate real change in the form of comprehensive tax reform.

Tax reform can move us beyond this partisan stalemate. Done right, it will create good-paying jobs and provide businesses and families with the certainty they need to plan for the future. There's no better way to raise revenue and reduce the deficit than by growing the economy and putting Americans back to work.

Comprehensive tax reform will do the following:

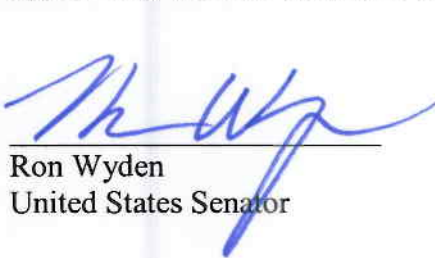
1. Boost the economy without increasing spending. Tax reform has a record of creating jobs and growing the economy. During the two years that followed the last comprehensive reforms in 1986, the U.S. economy created 6.3 million new non-farm jobs. That can happen again.
2. Create a simpler, more business-friendly Tax Code that increases tax revenue without raising tax rates. The right Code will lower corporate tax rates and make American businesses more competitive, which will help businesses create jobs that pay middle class wages. This means more revenue without higher tax rates.

3. Help families and businesses plan for the future. Long-term planning is next to impossible today because much of the current Code is temporary – from the tax rates to the rules affecting capital gains to those for business incentives. Reforming the Code will provide certainty for American businesses and families.

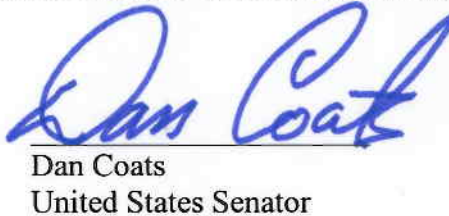
Tax reform is one of the best tools in the economic tool shed, and it's time to use it. We know it won't be easy. We know it requires Democrats and Republicans to work together to take on the special interests that currently benefit from the broken tax system and we know that right now that seems impossible. But it has been done before and it can be done again. We are proof that bipartisan agreement is possible.

We recognize there is not enough time to pass comprehensive tax reform between now and the August 2 deadline for raising the debt limit, but there is no reason why any debt-reduction agreement should not include a timeline for enacting tax reform before the end of this year.

Therefore, we believe it is vital that any debt-reduction plan you negotiate contain a commitment to comprehensive tax reform, and ask you to include a timeline for completing it by the end of this year. It is not only the best move for the economy, it is the best opportunity we have to deliver tangible results for the American people.



Ron Wyden
United States Senator



Dan Coats
United States Senator

Cc: Minority Leader Mitch McConnell
Majority Leader Eric Cantor
Minority Leader Nancy Pelosi
Assistant Majority Leader Richard Durbin
Assistant Minority Leader Jon Kyl
Minority Whip Steny Hoyer