



**Opening Statement of Chairman Sam Graves
House Committee on Small Business
Hearing: “Small Business Tax Reform: Growth Through Simplicity”
April 10, 2013**

Good afternoon. Thank you all for joining us. Today we will be discussing tax reform and its importance for small businesses. I am looking forward to the testimony of our distinguished guests.

Over time, our tax code has become more complex and temporary, with tax relief being extended for one year, months at a time, or even retroactively. Taxpayers, and particularly small business owners, repeatedly complain that this uncertainty, coupled with new taxes, regulations, and the weak economy, have made it difficult to plan or grow their companies.

Small businesses are disproportionately affected by tax complexity. A study by the Small Business Administration’s Office of Advocacy disclosed that small firms pay 67% more to comply with the tax code than large firms do. The growing number of provisions, along with the fact that small firms frequently do not have an in-house accountant or tax attorney, means that small business owners must hire outside experts or add those duties to another employee’s workload.

For these and many other reasons, small business owners have urged Congress to address tax reform. But “tax reform” can mean different things to different people. Since I have been Chairman, the Small Business Committee has held 10 hearings dedicated to highlighting the negative impact a complex tax code has on small firms. Additionally, we have created an “Open Mic” web platform that allows small businesses from outside the beltway to communicate with our committee on any issues affecting their business. Nearly all of those small businesses, whether here in this room or via the Open Mic project, have consistently asked for simplification of the tax code and reduced tax rates, both for corporations and individuals.

For the past few years, Members of Congress and the Administration have said that tax reform is an important agenda item. Since the beginning of the 112th Congress, Ways and Means Committee Chairman Dave Camp has held over 20 hearings focusing on tax reform at all levels. He has also established 11 bipartisan working groups of Members of Congress who have met with hundreds of associations, think tanks, and interested parties in an effort to put forth transparent, comprehensive and truly bipartisan proposals to reform and simplify the tax code. Over the past few months, the Ways and Means Committee has released discussion drafts of legislation reforming corporate and individual rates, international taxes, and financial products.

Which leads us to why we are here today. On March 10, 2013, Chairman Camp issued a discussion draft of a tax reform plan for small businesses. As part of the larger effort to reform various portions of the tax code, this draft would, among other things, make Section 179 expensing for equipment and property permanent; simplify and expand the use of cash accounting for certain small firms; create a unified deduction for start-up and organizational expenses; and, provide two options for reform of the Federal tax rules applicable to pass-through businesses. This is truly an excellent place to start and I commend Chairman Camp on his efforts so far. I am looking forward to hearing what all of our witnesses have to say about this draft legislation so we can offer further recommendations to my colleagues on the tax writing committee. This really has been an open and transparent process.

Again, I want to thank each of our witnesses for taking the time to be with us today. I now yield to our Ranking Member, Ms. Velazquez, for her opening statement.