

# 2006 Current Fiscal Year Report: President's Advisory Panel on Federal Tax Reform

Report Run Date: 04/24/2026 11:47:54 PM

|  |                              |
|--|------------------------------|
| <b>1. Department or Agency</b>                   | <b>2. Fiscal Year</b>        |
| Department of the Treasury                       | 2006                         |
| <b>3. Committee or Subcommittee</b>              | <b>3b. GSA Committee No.</b> |
| President's Advisory Panel on Federal Tax Reform | 24645                        |

|                                    |                           |                                 |                              |
|------------------------------------|---------------------------|---------------------------------|------------------------------|
| <b>4. Is this New Fiscal Year?</b> | <b>5. Current Charter</b> | <b>6. Expected Renewal Date</b> | <b>7. Expected Term Date</b> |
| No                                 | 01/28/2005                |                                 | 11/15/2005                   |

|   |   |                             |
|---|---|-----------------------------|
| <b>8a. Was Terminated During Fiscal Year?</b> | <b>8b. Specific Termination Authority</b> | <b>8c. Actual Term Date</b> |
| Yes   | EO 13369, EO 11379, EO 13386              | 11/15/2005                  |

|  |   |                                  |
|--|---|----------------------------------|
| <b>9. Agency Recommendation for Next Fiscal Year</b> | <b>10a. Legislation Req to Terminate?</b> | <b>10b. Legislation Pending?</b> |
| Terminate  | No  |                                  |

|   |                           |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
| <b>11. Establishment Authority</b>          | Presidential              |                           |                           |
| <b>12. Specific Establishment Authority</b> | <b>13. Effective Date</b> | <b>14. Committee Type</b> | <b>14c. Presidential?</b> |
| EO 13369                                    | 01/07/2005                | Ad hoc                    | No                        |

**15. Description of Committee** National Policy Issue Advisory Board

**16a. Total Number of Reports** 1

|                         |                     |
|-------------------------|---------------------|
| <b>16b. Report Date</b> | <b>Report Title</b> |
| 11/01/2005              | Final Report        |

**Number of Committee Reports Listed:** 1

|                  |                    |                              |                         |                   |
|------------------|--------------------|------------------------------|-------------------------|-------------------|
| <b>17a. Open</b> | <b>17b. Closed</b> | <b>17c. Partially Closed</b> | <b>Other Activities</b> | <b>17d. Total</b> |
| 2                | 0                  | 0                            | 0                       | 2                 |

## Meetings and Dates

|                |              |            |
|----------------|--------------|------------|
| <b>Purpose</b> | <b>Start</b> | <b>End</b> |
|----------------|--------------|------------|

The Panel will continue to discuss issues associated with reform of the tax code. 10/11/2005 - 10/11/2005

The Panel will continue to discuss issues associated with reform of the tax code. 10/18/2005 - 10/18/2005

**Number of Committee Meetings Listed: 2**

|  | <b>Current FY</b> | <b>Next FY</b> |
|--|-------------------|----------------|
| <b>18a(1). Personnel Pmts to Non-Federal Members</b>   | \$0.00            | \$0.00         |
| <b>18a(2). Personnel Pmts to Federal Members</b>   | \$0.00            | \$0.00         |
| <b>18a(3). Personnel Pmts to Federal Staff</b>   | \$213,000.00      | \$0.00         |
| <b>18a(4). Personnel Pmts to Non-Member Consultants</b>  | \$0.00            | \$0.00         |
| <b>18b(1). Travel and Per Diem to Non-Federal Members</b>                                      | \$40,000.00       | \$0.00         |
| <b>18b(2). Travel and Per Diem to Federal Members</b>  | \$0.00            | \$0.00         |
| <b>18b(3). Travel and Per Diem to Federal Staff</b>  | \$2,000.00        | \$0.00         |
| <b>18b(4). Travel and Per Diem to Non-member Consultants</b>                                   | \$0.00            | \$0.00         |
| <b>18c. Administrative Costs (FRNs, contractor support, In-person/hybrid/virtual meetings)</b> | \$0.00            | \$0.00         |
| <b>18d. Other (all other funds not captured by any other cost category)</b>                    | \$319,000.00      | \$0.00         |
| <b>18e. Total Costs</b>  | \$574,000.00      | \$0.00         |
| <b>19. Federal Staff Support Years (FTE)</b>   | 1.00              | 0.00           |

**20a. How does the Committee accomplish its purpose?**

First, the Panel took a comprehensive look at the current tax system to ensure that the Panel fully understood the current problems with the system,

specifically its complexity, its impact on economic growth, and its perceived unfairness. Second the Panel considered specific options for reform, including modifications to the current system, overhauling the current system, or replacing the current system. The Panel studied the major reform proposals that have been offered in the past as well as new proposals. This was done through various means including research, analysis, and public meetings.

**20b. How does the Committee balance its membership?**

The Panel consists of former members of Congress, former Government officials, including a former IRS Commissioner, members of the academic community, and the financial services industry. This diverse membership provides the necessary insight into Congress' role in enacting tax legislation, how the IRS administers the tax law, the economic impact of the tax law on the global and domestic economies, businesses and individuals, and on investment and economic growth.

**20c. How frequent and relevant are the Committee Meetings?**

The Panel held ten public meetings in FY 2005 and two additional meetings in FY 2006. The meetings focused on the issues raised by the current tax system and reviewing various options for reform of the system. The Panel heard from present and former IRS and Treasury officials regarding the history of the Tax Code and their views of various reform options. The Panel also heard from many distinguished economists, attorneys and business leaders regarding the impact of the complexity of the Tax Code on economic growth; personal savings, financial

planning and decision-making; the impact of compliance on small business; and the impact of the Tax Code on international competitiveness. In addition, proponents of various reform options made presentations to the Panel. The costs and benefits of these reform options were discussed and those discussions were informed by research and analysis conducted by the Panel staff and others.

**20d. Why can't the advice or information this committee provides be obtained elsewhere?**

There is nearly universal agreement that the tax system must be reformed. The Internal Revenue Code is complex, discourages economic growth, savings and investment, and hinders the competitiveness of American businesses abroad. In addition, compliance with the Code is costly, complex, and burdensome. At his remarks on the appointment of the Panel's Chair and Vice Chair, President Bush indicated that tax reform is a task that will treat our taxpayers more fairly. A simple code will make it easier on the taxpayers. But its an important task in order to make sure the economic growth we are seeing in the United States continues forward.

**20e. Why is it necessary to close and/or partially closed committee meetings?**

The Panel has not held any closed meetings.

**21. Remarks**

**Designated Federal Officer**

Mark S Kaizen Associate Chief Counsel (General Legal Services), IRS Office of Chief Counsel

| Committee Members | Start | End | Occupation | Member Designation |
|-------------------|-------|-----|------------|--------------------|
|-------------------|-------|-----|------------|--------------------|

|                       |            |            |  |   |
|-----------------------|------------|------------|--|---|
| Breaux,<br>John       | 02/16/2005 | 11/15/2005 | Patton Boggs LLP   | Special<br>Government<br>Employee<br>(SGE) Member |
| Frenzel,<br>William   | 02/16/2005 | 11/15/2005 | Brookings<br>Institution                                   | Special<br>Government<br>Employee<br>(SGE) Member |
| Garrett,<br>Elizabeth | 02/16/2005 | 11/15/2005 | University of<br>Southern<br>California                    | Special<br>Government<br>Employee<br>(SGE) Member |
| Lazear,<br>Edward     | 02/16/2005 | 11/15/2005 | Hoover Institution,<br>Stanford<br>University              | Special<br>Government<br>Employee<br>(SGE) Member |
| Mack,<br>Connie       | 02/16/2005 | 11/15/2005 | King & Spalding<br>LLP                                     | Special<br>Government<br>Employee<br>(SGE) Member |
| Muris,<br>Timothy     | 02/16/2005 | 11/15/2005 | George Mason<br>School of Law;<br>O'Melveny &<br>Myers LLP | Special<br>Government<br>Employee<br>(SGE) Member |
| Poterba,<br>James     | 02/16/2005 | 11/15/2005 | Massachusetts<br>Institute of<br>Technology                | Special<br>Government<br>Employee<br>(SGE) Member |
| Rossotti,<br>Charles  | 02/16/2005 | 11/15/2005 | The Carlyle Group  | Special<br>Government<br>Employee<br>(SGE) Member |
| Sonders,<br>Liz Ann   | 02/16/2005 | 11/15/2005 | Charles Schwab   | Special<br>Government<br>Employee<br>(SGE) Member |

### **Number of Committee Members Listed: 9**

### **Narrative Description**

The Panel was charged with making a comprehensive examination of the current tax system to ensure that the Panel fully understands the problems and concerns with the Federal tax system, specifically its complexity, its impact on economic growth, and its perceived unfairness. The Panel was then to consider specific options for reform, including modifications to the current system, overhauling the current system, or replacing the current system. The Panel submitted a report, Simple, Fair, and Pro-Growth: Proposals to Fix America's Tax System, to the Secretary of the Treasury in November 2005 providing options for reforming the

Federal Internal Revenue Code. The Panel was terminated in December 2005. The Office of Tax Policy has responsibility for analyzing the Panel's options for tax reform.

**What are the most significant program outcomes associated with this committee?**

|   | Checked if Applies                  |
|---|-------------------------------------|
| Improvements to health or safety                  | <input type="checkbox"/>            |
| Trust in government                               | <input checked="" type="checkbox"/> |
| Major policy changes                              | <input checked="" type="checkbox"/> |
| Advance in scientific research                    | <input type="checkbox"/>            |
| Effective grant making                            | <input type="checkbox"/>            |
| Improved service delivery                         | <input type="checkbox"/>            |
| Increased customer satisfaction                   | <input type="checkbox"/>            |
| Implementation of laws or regulatory requirements | <input checked="" type="checkbox"/> |
| Other   | <input checked="" type="checkbox"/> |

**Outcome Comments**

The Panel was charged with developing options for Federal tax reform to improve the efficiency with which revenues are provided for the common defense, vital social programs, and other goals of shared purpose while ensuring that such costs are fairly borne by all.

**What are the cost savings associated with this committee?**

|                            | Checked if Applies                  |
|----------------------------|-------------------------------------|
| None                       | <input type="checkbox"/>            |
| Unable to Determine        | <input checked="" type="checkbox"/> |
| Under \$100,000            | <input type="checkbox"/>            |
| \$100,000 - \$500,000      | <input type="checkbox"/>            |
| \$500,001 - \$1,000,000    | <input type="checkbox"/>            |
| \$1,000,001 - \$5,000,000  | <input type="checkbox"/>            |
| \$5,000,001 - \$10,000,000 | <input type="checkbox"/>            |
| Over \$10,000,000          | <input type="checkbox"/>            |
| Cost Savings Other         | <input type="checkbox"/>            |

**Cost Savings Comments**

Absent adaptation and adoption of the Panel's proposals, cost savings cannot be determine. Moreover, the Panel was charged with developing revenue neutral proposals, that is, proposals that would not change aggregate revenue collected.

**What is the approximate Number of recommendations produced by this committee for the life of the committee?**

2

**Number of Recommendations Comments**

The Panel proposed two options for tax reform: a Simplified Income Tax Plan and a Growth and Investment Tax Plan.

**What is the approximate Percentage of these recommendations that have been or will be Fully implemented by the agency?**

0%

**% of Recommendations Fully Implemented Comments**

The options proposed by the Panel are being analyzed by Treasury's Office of Tax Policy. They may be revised and incorporated into proposals made by the Administration for Congressional action.

**What is the approximate Percentage of these recommendations that have been or will be Partially implemented by the agency?**

0%

**% of Recommendations Partially Implemented Comments**

The options proposed by the Panel are being analyzed by Treasury's Office of Tax Policy. They may be revised and incorporated into proposals made by the Administration for Congressional action.

**Does the agency provide the committee with feedback regarding actions taken to implement recommendations or advice offered?**

Yes  No  Not Applicable

**Agency Feedback Comments**

NA

**What other actions has the agency taken as a result of the committee's advice or recommendation?**

Checked if Applies

- Reorganized Priorities
- Reallocated resources
- Issued new regulation
- Proposed legislation
- Approved grants or other payments
- Other

**Action Comments**

The options proposed by the Panel are being analyzed by Treasury's Office of Tax Policy. They may be revised and incorporated into proposals made by the Administration for Congressional action.

**Is the Committee engaged in the review of applications for grants?**

No

**Grant Review Comments**

NA

**How is access provided to the information for the Committee's documentation?**

Checked if Applies

- Contact DFO
- Online Agency Web Site
- Online Committee Web Site
- Online GSA FACA Web Site
- Publications
- Other

**Access Comments**

Final Report of the Panel printed by GPO for public purchase and freely available on the Internet at <http://www.taxreformpanel.gov/final-report>