

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

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1. Department or Agency

Department of the Treasury

2. Fiscal Year

2006

3. Committee or Subcommittee

President's Advisory Panel on Federal
Tax Reform

3b. GSA

Committee No.

24645

4. Is this New During Fiscal Year?

No

5. Current Charter

01/28/2005

6. Expected Renewal Date

7. Expected Term Date

11/15/2005

8a. Was Terminated During Fiscal Year?

Yes

8b. Specific Termination Authority

EO 13369, EO
11379, EO 13386

8c. Actual Term Date

11/15/2005

9. Agency Recommendation for Next Fiscal Year

Terminate

10a. Legislation Req to Terminate?

No

10b. Legislation Pending?

11. Establishment Authority

Presidential

12. Specific Establishment Authority

EO 13369

13. Effective Date

01/07/2005

14. Committee Type

Ad hoc

14c. Presidential?

No

15. Description of Committee

National Policy Issue Advisory Board

16a. Total Number of Reports

1

16b. Report Date

11/01/2005

Report Title

Final Report

Number of Committee Reports Listed:

1

17a.

Open

2

17b. Closed

0

17c. Partially Closed

0

Other Activities

0

17d. Total

2

Meetings and Dates

Purpose

Start

End

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

	Current FY	Next FY
18a(1). Personnel Pmts to Non-Federal Members	\$0.00	\$0.00
18a(2). Personnel Pmts to Federal Members	\$0.00	\$0.00
18a(3). Personnel Pmts to Federal Staff	\$213,000.00	\$0.00
18a(4). Personnel Pmts to Non-Member Consultants	\$0.00	\$0.00
18b(1). Travel and Per Diem to Non-Federal Members	\$40,000.00	\$0.00
18b(2). Travel and Per Diem to Federal Members	\$0.00	\$0.00
18b(3). Travel and Per Diem to Federal Staff	\$2,000.00	\$0.00
18b(4). Travel and Per Diem to Non-member Consultants	\$0.00	\$0.00
18c. Other(rents,user charges, graphics, printing, mail, etc.)	\$319,000.00	\$0.00
18d. Total	\$574,000.00	\$0.00
19. Federal Staff Support Years (FTE)	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 preceived unfairness. Second the Panel considered specific options for reform, including modifications to the current system, overhauling the curent 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, John	02/16/2005	11/15/2005	Patton Boggs LLP	Special Government Employee (SGE) Member
Frenzel, William	02/16/2005	11/15/2005	Brookings Institution	Special Government Employee (SGE) Member

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

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	<input type="checkbox"/>
Reallocated resources	<input type="checkbox"/>
Issued new regulation	<input type="checkbox"/>
Proposed legislation	<input type="checkbox"/>
Approved grants or other payments	<input type="checkbox"/>

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>