

## U.S. Chamber Principles for Tax Reform

**POSITION:** The recommendation to the Chamber Board of Directors is to SUPPORT the U.S. Chamber Principles for Tax Reform with the addition of protecting the mortgage interest deduction, the State and Local Income Tax deduction, and the New Markets Tax Credit.

### AT-A-GLANCE

The U.S. Chamber of Commerce Principles for Tax Reform are attached to this brief and include reducing the corporate tax rate and simplifying the tax code among other reforms. Front and center in this discussion is whether deductions such as the mortgage interest deduction and the State and Local Tax deduction will remain.

### SUMMARY

The U.S. Chamber of Commerce Principles for Tax Reform are attached to this brief. In short, they include:

- Lower the Corporate tax rate to be globally competitive
- Eliminate bias against capital investment
- Move to a "territorial tax system"
- Changes should be permanent to ensure certainty
- Fundamental reform should happen before other change to current tax policy
- Congress should take a comprehensive approach as opposed to piecemeal
- Congress should give equal attention to government spending
- Create a simpler and more predictable tax code
- Industry-specific neutrality, allowing the marketplace to allocate capital
- Realistic transition rules

### ANALYSIS

The President and Congress have shifted their legislative priority to tax reform with the objectives including to simplify the tax code and make corporate taxes more competitive globally. The Chamber's recent San Diego Private Bank Business Forecast survey of San Diego County businesses found that when considering the health of the overall economy, over 70 percent of firms think it is at least somewhat important to adopt comprehensive federal tax reform. Front and center in this discussion is whether deductions such as the mortgage interest deduction and the State and Local Tax deduction will remain.