

# United States Senate

WASHINGTON, DC 20510

January 18, 2017

The Honorable Orrin Hatch  
Chairman  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Ron Wyden  
Ranking Member  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Kevin Brady  
Chairman  
House Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Richard Neal  
Ranking Member  
House Committee on Ways and Means  
1139E Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Hatch, Chairman Brady, Ranking Member Wyden, and Ranking Member Neal:

We write in support of completing tax reform during the 115<sup>th</sup> Congress, and we appreciate the diligent work your committees are doing to ensure we modernize the tax code, encourage economic growth, and empower American workers and families.

We have long advocated for reducing the burden of double taxation and freeing private-sector investment from tax penalties through full expensing, and we are glad to see House Republicans share these priorities.

Of course, tax reform should not only reduce the burdens that businesses face, but also do the same for working families. Families are the building blocks of our country, the fundamental units of society, and vital to passing down our values from generation to generation. Strong families are also incubators of economic opportunity, financial security, and generate the social capital upon which our free enterprise economy and constitutional republic depend.

With this in mind, it is concerning that our tax code today treats parents unfairly. The payroll taxes that help pay for federal retirement benefits fall on American parents who simultaneously bear the financial cost of raising their children, the next generation of workers whose paychecks will be taxed to fund federal retirement benefits. This function of the tax code creates an implicit “parent tax penalty” – in effect, a tax bias against parents.

President-elect Trump recognizes this problem, saying that “very little meaningful policy work has been done” to help parents afford the costs of raising children. In 2016, we proposed correcting this inequity with a larger child tax credit, applicable to both income and payroll taxes. Other policy options might produce similar results, but we believe the solution should benefit as many parents as possible, and especially that it not privilege wealthier families, or discriminate against moms and dads who choose to stay at home to care for their children full

time. This is why we believe comprehensive tax reform worthy of the name must eliminate the current “parent penalty” and include specific tax relief for working parents.

Tax relief for working families has been a bipartisan effort in the past, and we hope that will continue to be the case this year. As your committees draft legislation to reform the tax code, we urge you to carefully consider the merits of our proposal and ensure tax fairness for working families is not left out.

Sincerely,



Marco Rubio  
U.S. Senator



Mike Lee  
U.S. Senator