



Rep. Tom Emmer on Tax Reform

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****REP. TOM EMMER:**

** One thing I hear time and time again from Minnesotans like Carl from Carver is that our country's tax system needs to be reformed. I absolutely agree with Carl. Our uncompetitive, confusing, and antiquated tax system is stifling the upward mobility of the poor and middle class, and it's restricting economic growth that would enable more Americans to realize their American dream. The House of Representatives has taken large steps toward pro-growth and pro-job reforms which will revitalize the American economy. However, comprehensive tax reform must not be forgotten. It's essential to sustainable and robust economic development that will launch America forward for decades to come. I'm sure many of you are aware that our country's corporate income tax rate is one of the highest in the world. In fact, the United States' corporate income tax rate is the highest in the developed world. American corporations are at a constant competitive disadvantage in the global market as they face a 39% tax rate. This is a huge impediment for American corporations who are trying to compete with foreign corporations from places like Ireland and the United Kingdom, whose corporate tax rates are between 15% to 27% lower than ours. Many people fail to understand that while corporations may write a check to the government to pay the tax, it's actually the citizen consumers of goods and services, you and me, who pay this exorbitant tax. A corporation is not a real person. A corporation is a business that will try to pass on all costs to the consumer. Again, you and me. This includes the corporation's tax liability. We also pay when corporations offer fewer jobs locally or move to foreign jurisdictions with lower taxes. Here in Minnesota, we know the real-life consequences of our outdated tax system. Just last year, we lost Medtronic, one of the nation's leading medical device manufacturers, to Ireland, which has a corporate tax rate of only 12.5%. We were forced to watch as one of our state's top 20 employers chose to move their headquarters overseas. With this, our country and the state of Minnesota lost out on jobs, revenue, and one of our Fortune 500 companies. But complaining is not enough. We need to actually do something to fix this problem. That's why I'm working on tax reform which will help keep jobs in Minnesota. My proposal would set the U.S. corporate tax rate at 10 percentage points less than the average corporate tax rate of the free market countries who are members of the Organization for Economic Cooperation and Development. The OECD is a group of 34 free market Western and Western-friendly countries who often trade with one another. In effect, these are America's economic competitors, which is why using their tax rates is a great metric to base our tax rate on. Currently, the OECD average is about 25%, which would mean that under our proposal, the U.S. corporate tax rate will be 15%, putting us on par with our competitors. While this proposal is not comprehensive tax reform, it should be considered as part of a comprehensive reform package. Again, tax reform should be about growing jobs and prosperity right here at home. In other words, it should be about giving Americans the ability to compete. It's time that we stop nibbling around the edges when it comes to comprehensive tax reform in this country. The reform we're proposing will jumpstart the creation of jobs and economic growth in our country, but the future of our economic prosperity will depend on the willingness of our elected leaders to think outside of the status quo, which is why, as we go forward, Congress must carefully consider the flat tax and the fair tax, which are both better tax systems than our current model. Regardless of what reform we eventually agree to implement, it's a priority that we institute comprehensive tax reform that will allow the American entrepreneurial spirit to flourish. Allow Americans and their businesses to be competitive, not just with each other, but around the globe. If we



allow Americans to compete, America wins. Thanks for listening. If you have any tax reform suggestions, please send them to us through our Facebook page. Have a great day.

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