



Rep. Tom Emmer on Emmer Speaks about his CREATE Jobs Act

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CHAIRMAN BUSTANI:

Mr. Emmer you may proceed.

REP. TOM EMMER:

Thank you Chairman Bustani. Thanks to you and the members of the Subcommittee on Tax Policy for inviting us today. It's a privilege to represent the people of Minnesota and I know they're pleased to see that Washington is working on comprehensive tax reform that will help lift Americans out of poverty, put more money back in the pockets of families, and enable businesses to flourish. At 39 percent the United States has the highest corporate income tax rate in the developed world. This puts us, America, at a tremendous disadvantage, sending jobs, companies, and tax dollars overseas to countries which have far more business-friendly rates. In my home state of Minnesota we recently lost two companies to foreign countries. Sadly, as we all know, it isn't just Minnesotans who have been harmed by the developed world's most uncompetitive and dated corporate tax system. Since 2000 there has been a 28 percent reduction in U.S. headquartered companies in the Global Fortune 500. Many countries have caught on to the negative effects of high corporate income tax rates. In fact, our neighbor to the north, Canada, our largest trading partner, recently reduced their rate to 15 percent. The United States' second, third, fourth, and fifth largest trading partners, China, Mexico, Japan, and Germany, have corporate tax rates of 25 percent, 30 percent, 24 percent, and 15 percent. The Create Jobs Act, which we have introduced, will ensure the United States has a competitive corporate income tax rate by setting our rate five percentage points lower than the average corporate tax rate of the other organization for economic cooperation and development countries. These are 33 free-market countries that America often trades with and, in fact, competes with. It also creates a mechanism for Congress to recalibrate the corporate tax in a timely manner. Under the Create Jobs Act, every five years, by November 1st, the U.S. Treasury will calculate the new corporate tax rate. If the formula suggests it should go up, then a majority of both the House and the Senate must approve the new rate by December 30th. If the formula calls for a decrease, that will occur automatically. If the Create Jobs Act was enacted today with the average OECD corporate tax rate at about 25 percent, the U.S. corporate income tax would be reduced to about 20 percent. According to the Tax Foundation, a 20 percent U.S. corporate income tax would create more than 640,000 jobs, increase GDP by 3.3 percent, and increase wages by 2.8 percent over the next 10 years. Clearly, this legislation would have a profoundly positive impact on the citizens of this great country. If signed into law, American corporations would have a predictable tax system to plan for the future, but also a system flexible enough to remain competitive in the 21st century. I want to thank you all again for this opportunity to present testimony to you about the Create Jobs Act, and it's my hope that it will be included in the Ways and Means highly anticipated comprehensive tax reform package. Thank you.



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