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### State Of The Taxing Union? Platitudes So General They Could Be Pitching Flat Tax

President Obama is very, very good in front of a crowd, even a Republican controlled Congress. His highly orchestrated State of the Union address laid bare (like a patient etherized upon a table) some great statements. Many are so general it is hard to disagree. On how to pay for new and expanded benefits, the President was diplomatic, saying little:

“As Americans, we don’t mind paying our fair share of taxes, as long as everybody else does, too. But for far too long, lobbyists have rigged the tax code with loopholes that let some corporations pay nothing while others pay full freight. They’ve riddled it with giveaways the superrich don’t need, denying a break to middle class families who do. This year, we have an opportunity to change that. Let’s close loopholes so we stop rewarding companies that keep profits abroad, and reward those that invest in America. Let’s use those savings to rebuild our infrastructure and make it more attractive for companies to bring jobs home. Let’s simplify the system and let a small business owner file based on her actual bank statement, instead of the number of accountants she can afford. And let’s close the loopholes that lead to inequality by allowing the top one percent to avoid paying taxes on their accumulated wealth. We can use that money to help more families pay for childcare and send their kids to college. We need a tax code that truly helps working Americans trying to get a leg up in the new economy, and we can achieve that together.”

Is the President for a flat tax? Probably not, but who can say, for this was as specific as the President got. Still, his orchestrated campaign had already pitched \$320 billion in tax hikes. During his first term, capital gain rates went from 15% to 20% to 23.8%. The last 3.8% is one of the taxes imposed by Obamacare. Now, the President wants 28% for couples making more than \$500,000 per year.

The President is right that our tax code stinks (well, I *think* that's what he meant). But he didn't say how we should fix it. His advance corp a few days ago only noted a few points, including the 28% rate hike. Then he focused on rich trust people and the 'angel of death' loophole. He thinks the step up in basis to market value for income tax purposes on death is egregious. Yet many tax professionals think Mr. [Obama's attack on this "trust fund loophole" is misguided](#). But oh, what a cleverly chosen name to stir up support!

Even so, no matter how gracefully the President delivered his general and thematic remarks, there is little chance of his tax plan being approved by this Congress. More about the President's simpler and fairer tax code can be found [here](#). Of course, the President is right that we do need a simpler, fairer tax code. Yet that *should* mean starting over. To borrow military jargon, we don't need rifle shot amendments. We need shotguns, or better yet, WMDs aimed at the tax code.

It is hard to disagree with some of the President's platitudes. He asks, "Will we accept an economy where only a few of us do spectacularly well? Or will we commit ourselves to an economy that generates rising incomes and chances for everyone who makes the effort?"

The official Republican response, from Sen. Joni Ernst, wasn't dissimilar:

"Let's simplify America's outdated and loophole-ridden tax code. Republicans think tax filing should be easier for you, not just the well-connected. So let's iron out loopholes to lower rates—and create jobs, not pay for more government spending."

It's hard to disagree. And although I recently listed [20 really stupid things in the U.S. tax code](#), the truth is there are *thousands*. We are a close-knit family with a very fouled up tax code. Time to start over America.

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