

## Garrett's Withdrawal Prompts Worries About Obama Tax Agenda

By Nicole Duarte — [nduarte@tax.org](mailto:nduarte@tax.org)

Helen Elizabeth Garrett's withdrawal from consideration for the post of Treasury assistant secretary for tax policy leaves a noticeable absence at Treasury that some observers say will complicate efforts to reform social programs with tax provisions.

Garrett announced her withdrawal in a statement, citing "aspects of [her] personal family situation." President Obama nominated Garrett for the tax policy post in March, but she was never confirmed by Congress. Garrett is a lawyer with tax expertise and is the vice president for academic planning and budget at the University of Southern California. (For prior coverage, see *Tax Notes*, Apr. 6, 2009, p. 18, *Doc 2009-7013*, or *2009 TNT 59-1*.)

In a statement, Garrett expressed gratitude to the president and Treasury Secretary Timothy Geithner for nominating her for the position, saying she is "confident that they will continue to pursue policies that will hasten the country's economic recovery and ensure that our federal tax system is fair and conducive to economic growth."

Confidence in the administration did not seem to be shared by Leonard Burman, Urban Institute fellow and director of the Urban-Brookings Tax Policy Center (TPC), who said, "It's a disaster for tax policy in the Obama administration."

"President Obama's whole tax policy infrastructure has been on hold for five months, and it's going to take a long time to find someone [to replace

Garrett], vet them, and then to find deputies for them at Treasury," Burman told Tax Analysts.

Burman, who previously served as Treasury deputy assistant secretary for tax analysis, lamented the additional delay in the administration's already "late start" on tax policy. "We have a president who wants a tax reform proposal by the end of the year," Burman said, "but he doesn't have the staff in place. He'll have a hard time getting anything if he doesn't have an assistant secretary of tax policy at Treasury."

***'It's a disaster for tax policy in the Obama administration,' said Burman.***

The absence of even a viable candidate for assistant secretary for tax policy may also have an adverse effect on legislation drafted before the position is filled.

"So much policy is driven through the code," said Jeff Trinca, a lobbyist at Van Scoyoc Associates Inc. and former chief of staff on the IRS restructuring commission in the late 1990s. The Obama administration will have to fashion the tax provisions that will inevitably be included in changes to estate and gift taxation, healthcare reform, and cap-and-trade and other energy programs.

Chris Edwards, an economist and tax policy studies director at the Cato Institute, said, "You need high-powered tax experts to push tax proposals forward. If Treasury doesn't have experts there to argue the administration's case to Congress or to the American people, they aren't going to get

### BURMAN TO LEAVE TAX POLICY CENTER FOR ACADEMIA

Urban-Brookings Tax Policy Center Director Leonard Burman announced last week that he is leaving the center for an academic position at the Maxwell School at Syracuse University.

He will be the school's first Daniel Patrick Moynihan chair in public affairs and will begin August 24.

"As a leading national authority on tax and budgetary policy, Len will add an extraordinary depth of expertise and Washington experience to an already strong public administration faculty," Maxwell School Dean Mitchel Wallerstein said in a statement. (For the release, see *Doc 2009-12423* or *2009 TNT 104-41*.)

Burman, also an Urban Institute fellow, served as Treasury deputy assistant secretary for tax analysis and as a senior analyst at the Congressional Budget Office before helping found the Tax Policy Center in 2002.

He often made the rounds on Capitol Hill and recently testified at a May Senate Finance Committee roundtable on financing options for healthcare reform, where he advocated using a VAT to pay for a reform package. (For Burman's testimony, see *Doc 2009-10784* or *2009 TNT 90-31*.)

In a 2007 paper, Burman and coauthor Greg Leiserson proposed repealing the alternative minimum tax and replacing it with a surtax of 4 percent on adjusted gross incomes above \$100,000 for individuals and \$200,000 for married couples. A similar proposal was included in a 2007 tax reform bill offered by House Ways and Means Committee Chair Charles B. Rangel, D-N.Y. (For the paper, see *Doc 2007-12771* or *2007 TNT 108-56*.) ■

— Meg Shreve

the support they need, which is a good thing from my point of view because I don't agree with any of them."

The vacancy left by Garrett will likely delay "the administration's desperate hunt to raise tax revenue any way they can," Edwards told Tax Analysts.

Eric J. Toder, policy fellow at the TPC and a former Treasury deputy assistant secretary for tax analysis, said, "Mistakes will be made because there isn't the appropriate staffing."

He pointed to an example from the Clinton administration. Treasury's Office of Tax Analysis was late to be included in efforts to draft healthcare reform legislation, which Toder said "damaged the program."

Burman elaborated on that point, asserting that the assistant secretary serves as "a buffer and a filter" between the career staff at Treasury and the White House.

"A big part of what I did at Treasury was explain why something that makes a good sound bite is not feasible or desirable as tax policy," Burman said.

"There could be a lot of wheel spinning," Burman said. "You need an assistant secretary and a deputy assistant secretary to push back on the White House and rule out dumb ideas early in the process so you don't waste time. You also need them to push the Treasury career staff to produce the things that the White House needs."

"All the key tax policy positions are vacant," Burman added, "meaning the political staff will be pushing through ideas that are attractive politically, but that might be inadministrable or even counter-productive."

**'You can't create tax policy in a vacuum, and if you try, you create messes,' said Trinca.**

Trinca said, "You can't create tax policy in a vacuum, and if you try, you create messes. It's too complex not to have input and lots of discussion. If you don't have a point of contact for that discussion, tax policy moves forward in a vacuum and you end up with bad law."

Trinca added that the absence of a confirmed assistant secretary raises the question of who is setting tax policy for the administration. "My sense is that it's coming from Larry Summers's group in the White House." Summers, director of the National Economic Council, is a "great mind, but not a tax expert," Trinca said.

Burman echoed that concern, adding that Summers would likely think of politics before tax administration. "He's certainly a great economist, but he tends to be something of an academic and

doesn't necessarily think about the practical aspects of tax administration," Burman said.

Summers's tax inexperience is compounded by Geithner's, Edwards said. "Tax issues are so complex, you can't leave it to Congress," he said, adding that that was why Treasury's role as a "repository of brainy tax experts" is so valued in public life.

Obama's tax reform efforts, spearheaded by former Federal Reserve Board Chair Paul Volcker and the so-called Volcker Commission, might also suffer, Toder said. Input from "career Treasury staff or the accumulated legal and tax expertise in the Office of Tax Analysis is not going to be deployed as effectively as if they had an assistant secretary in place," he said.

"I hope they find someone quickly," Toder added. ■

*Jeremiah Coder contributed to this article.*