Info Sheet 1

Evolution of Taxes

Theme 1: Your Role as a Taxpayer Lesson 2: How Taxes Evolve

Did you ever wonder how new taxes are created? Federal taxes are proposed in the U.S. House of Representatives and follow the formal tax legislation process.



- 1. The tax bill begins in the House of Representatives and is referred to the Ways and Means Committee. When members of this committee reach agreement about the legislation, they write a proposed tax law.
- 2. The bill goes to the full House, where it is debated, possibly amended, and eventually approved.
- 3. The bill goes to the Senate, where it is reviewed and often rewritten by the Finance Committee. The committee's version is then presented to the full Senate.
- 4. After the Senate approves the bill, it is sent to a joint committee of House and Senate members, who try to arrive at a compromise version.
- 5. The compromise version of the bill is sent to both the House and the Senate for approval.
- 6. After Congress passes the bill, it goes to the president, who can either sign it into law or veto it.
- 7. If the president vetoes the bill, Congress may try to override the veto with a two-thirds vote of each house. If this vote succeeds, the bill becomes law without the president's signature.

You can have a say in the tax legislation process! The informal tax legislation process is a way for all citizens to influence tax legislation by making their views known to legislators. Your voice can be heard by contacting members of Congress, attending town meetings, joining lobbying groups, circulating and signing petitions, and voting for candidates sympathetic to your views.