



November 30, 2021

Dear Senators and Representatives:

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to you with taxpayer views and perspectives on the busy end-of-year agenda facing Congress before the holidays. Lawmakers could make important decisions in December that will permanently alter America's spending, debt, and deficit trajectories, not to mention your consideration of proposals that could significantly and permanently increase tax burdens for U.S. companies and their workers. Informed by our decades of work on behalf of taxpayers, we wish to offer some important considerations for Congress before you take votes on a number of matters this month.

Government Funding

As you are aware, and as of this writing, lawmakers face a December 3 deadline to continue funding the government through either a continuing resolution (CR) or regular appropriations measures for fiscal year (FY) 2022. As NTU has previously written,¹ taxpayers should be deeply concerned with House Democrats' proposal to increase non-defense spending by tens of billions of dollars from FY 2021 levels. By our count, these nine proposed House appropriations bills (out of 12 total) would increase spending by \$125 billion relative to FY 2021 levels,² without proposed offsets to the increased spending. This nine-bill package does not even include the defense spending bill, the single largest appropriations bill of the 12.³

Lawmakers should instead seek to *reduce* appropriations spending relative to FY 2021 levels. If lawmakers cannot muster the political courage to reduce spending relative to the prior fiscal year, they should at least aim to hold spending levels constant in FY 2022. Our nation is nearly \$29 trillion in debt and has run up record deficits in recent years -- due in part to the COVID-19 crisis.⁴ Trillion-dollar annual deficits are on the horizon for eight of the next ten years, according to the Congressional Budget Office (CBO).⁵ It is long past time for Congress to address soaring debt and deficits.

The best-case scenario would be for Congress to utilize the regular appropriations process to pass reductions to non-defense *and* defense discretionary spending for FY 2022 and beyond. A less ideal proposal, but one that would still be acceptable for taxpayers, would be a full-year CR. The worst-case scenario would be another deficit-busting, 'bipartisan' budget deal that increases defense and non-defense discretionary spending. Congress should completely avoid this latter approach.

¹ See: Lautz, Andrew. "House Should Oppose Minibus With \$108 Billion in New Spending." NTU, July 26, 2021. Retrieved from: <https://www.ntu.org/publications/detail/house-should-oppose-minibus-with-108-billion-in-new-spending>; Lautz, Andrew. "Lawmakers Should Reject Bloated Commerce and State Spending Bills." NTU, July 27, 2021. Retrieved from:

<https://www.ntu.org/publications/detail/lawmakers-should-reject-bloated-commerce-and-state-spending-bills>

² *Ibid.*

³ NTU also believes that defense spending should be reduced relative to FY 2021 levels; more on that in our section on the NDAA.

⁴ Congressional Budget Office. "Additional Information About the Updated Budget and Economic Outlook: 2021 to 2031." July 2021. Retrieved from: <https://www.cbo.gov/system/files/2021-07/57263-outlook.pdf> (Accessed November 29, 2021.)

⁵ *Ibid.*

The Debt Ceiling

For months, NTU has urged both parties in Congress to avoid political brinkmanship with the nation's debt ceiling.⁶ While we are deeply concerned about proposed legislation that would drive up the debt -- much of which is in legislation currently supported by Democrats (such as the Build Back Better Act) and some of which is in legislation supported by both parties (such as the National Defense Authorization Act, or NDAA) -- we believe both parties have a responsibility to avoid a debt default that could have catastrophic consequences for the nation's taxpayers and for the national and global economies.

At the same time, the debt ceiling has long been a vehicle for the parties to compromise on spending and budget matters, and NTU believes those compromises should start to work *for* taxpayers rather than *against* them.⁷ Lawmakers should consider including a new round of discretionary spending caps, a stronger mandatory sequester, and legislation to address unsustainable mandatory spending growth (such as the bipartisan TRUST Act) with any increase to or suspension of the debt ceiling.⁸ If Congress cannot muster the political will for these major reforms, smaller efforts like enhanced pay-as-you-go (PAYGO) rules, stronger limits on "emergency" spending, and bipartisan budget process reforms such as those included in the 2019 Bipartisan Congressional Budget Reform Act (BCBRA) are all viable alternatives to major reforms.⁹

The National Defense Authorization Act (NDAA)

While NTU has been troubled by House Democrats' proposed increases to non-defense discretionary spending in FY 2022, we have also been concerned with the strong, apparently bipartisan interest in increasing the defense non-discretionary budget by tens of billions of dollars.¹⁰ These proposed increases, which a relative few lawmakers in Congress have dared to oppose, demonstrate a disregard for the ways *all* increases to discretionary and mandatory spending -- if proposed without offsets -- contribute to debt and deficits. Increased defense spending is politically popular in Congress, but lawmakers must find the courage to pare back or repeal weapons and infrastructure programs that are regularly late, over budget, and fail to deliver the results taxpayers and the military should expect from their significant investments.

⁶ Lautz, Andrew. "How Lawmakers Should Be Thinking About The Upcoming Debt Ceiling Deadline." NTU, July 21, 2021. Retrieved from:

<https://www.ntu.org/publications/detail/how-lawmakers-should-be-thinking-about-the-upcoming-debt-ceiling-deadline>

⁷ Lautz, Andrew. "Debt ceiling compromise should be made for taxpayers, not against them." *The Hill*, October 4, 2021. Retrieved from: <https://thehill.com/opinion/finance/575157-debt-ceiling-compromise-should-be-made-for-taxpayers-not-against-them> (Accessed November 29, 2021.)

⁸ Lautz, Andrew. "How Lawmakers Should Be Thinking About The Upcoming Debt Ceiling Deadline." NTU, July 21, 2021. Retrieved from:

<https://www.ntu.org/publications/detail/how-lawmakers-should-be-thinking-about-the-upcoming-debt-ceiling-deadline>

⁹ *Ibid.*

¹⁰ See: Lautz, Andrew. "House Lawmakers Should Oppose Bloated 2022 NDAA." NTU, September 20, 2021. Retrieved from: <https://www.ntu.org/publications/detail/house-lawmakers-should-oppose-bloated-2022-ndaa>; Lautz, Andrew. "Senators Should Oppose Bloated Defense Authorization Bill." NTU, November 15, 2021. Retrieved from: <https://www.ntu.org/publications/detail/senators-should-oppose-bloated-defense-authorization-bill>

NTU has developed roadmaps over the years that would allow lawmakers to significantly reduce defense spending,¹¹ or even just defense spending growth, relative to the current baseline of more than \$8.5 trillion over the next 10 years.¹² We encourage Congress to act on defense spending cuts, or at least hold defense spending constant relative to FY 2021, rather than rubber-stamping another major increase to the defense topline.

The Build Back Better Act

To sum up our most recent work on the Build Back Better Act, NTU is alarmed that this proposal would spend trillions more in taxpayer dollars over the next decade while we face debt and deficit crises;¹³ we are troubled that the bill would increase taxes by trillions of dollars, including on U.S. companies and workers;¹⁴ and we are deeply concerned that the bill adds to deficits, according to CBO, even after accounting for theoretical additional revenues from increased Internal Revenue Service (IRS) enforcement that raises its own host of taxpayer concerns.¹⁵

While NTU wishes to thoughtfully engage with both parties on a number of issues *addressed* in Build Back Better, such as the Child Tax Credit (CTC) expansion, IRS reform, and efforts to reduce prescription drug costs for patients in need, we believe on the whole that the Build Back Better Act (in its multiple iterations) would significantly harm taxpayers through increased taxes, increased deficits, and increased spending that in many cases is poorly targeted to the most at-risk and vulnerable populations. We encourage lawmakers to abandon the proposal and instead address some of the above issues on a case-by-case basis and in a bipartisan manner.

Tax Extenders

As NTU will reiterate in a forthcoming policy paper, we have long believed that the extenders process makes for inefficient and ineffective tax policy. Extending various provisions on a year-by-year basis creates uncertainty for taxpayers, adversely impacts investment decisions by American businesses and prevents policymakers from enacting long-term reforms to tax provisions that may not be working as intended. While Congress will no doubt want to enact some tax policies on a temporary basis, lawmakers should take most of the current extenders package and either permanently extend the provisions or permanently remove them from the tax code in order to determine if they are working as intended and ensure they are fiscally sustainable for taxpayers.

Thank you for your attention to and consideration of these taxpayer perspectives on major legislation being considered by Congress in December 2021. Should you have any questions, or if you would like to discuss these matters further with our government affairs team, we are at your service.

¹¹ For example, see: Lautz, Andrew. “The Bipartisan Map For Congress and Biden to Trim the Defense Budget By \$338 Billion.” NTU, February 11, 2021. Retrieved from:

<https://www.ntu.org/publications/detail/the-bipartisan-map-for-congress-and-biden-to-trim-the-defense-budget-by-338-billion>

¹² Congressional Budget Office. “Additional Information About the Updated Budget and Economic Outlook: 2021 to 2031.” July 2021. Retrieved from: <https://www.cbo.gov/system/files/2021-07/57263-outlook.pdf> (Accessed November 29, 2021.)

¹³ Lautz, Andrew. “NTU Urges Opposition to Build Back Better Act.” NTU, November 18, 2021. Retrieved from: <https://www.ntu.org/publications/detail/ntu-urges-opposition-to-build-back-better-act>

¹⁴ Lautz, Andrew. “Speaker Pelosi Says Build Back Better Cuts Taxes. Does It?” NTU, November 23, 2021. Retrieved from: <https://www.ntu.org/publications/detail/speaker-pelosi-says-build-back-better-cuts-taxes-does-it>

¹⁵ Lautz, Andrew. “Some Budget and Tax Takeaways From CBO’s House Build Back Better Score.” NTU, November 19, 2021. Retrieved from: <https://www.ntu.org/publications/detail/some-budget-and-tax-takeaways-from-cbos-house-build-back-better-score>

Sincerely,

Brandon Arnold
Executive Vice President

Thomas Aiello
Director of Federal Affairs

Andrew Lautz
Director of Federal Policy

Will Yopez
Policy and Government Affairs Associate