



TAX REFORM CAN HAPPEN WITHOUT BORDER ADJUSTMENT

Supporters of the Border Adjustment Tax (BAT) say that there is no other way to pay for tax reform without implementing a new, \$1 trillion tax on consumers. ***That's not right.*** Here are just a few examples of areas where Congress could fix the tax code or cut spending in order to deliver much-needed comprehensive tax reform that helps every American:

ALTERNATIVE OPTIONS IN THE TAX CODE

ELIMINATE RESEARCH AND DEVELOPMENT

*REVENUE OVER 10 YEARS: **\$113.2 BILLION***

The GOP's stated goal of tax reform is to remove unfair preferences, broaden the base, and lower rates. Removing this tax carve-out would do all three things. Studies also show that the vast majority of credit's beneficiaries are large corporations that do not need tax preferences to subsidize corporate research.

CAP MORTGAGE INTEREST DEDUCTION AT \$500,000

*REVENUE OVER 10 YEARS: **\$325 BILLION***

The mortgage interest deduction is meant to incentivize consumers to purchase homes. The average American home is \$200,000. Currently, the credit encourages people to buy expensive homes and second homes, artificially driving up the cost of home ownership. Capping the deduction would focus the deduction benefit on hardworking families.

REPEAL LIFO

*REVENUE OVER 10 YEARS: **\$102 BILLION***

"Last in First Out" (LIFO) accounting is a method of calculating corporate tax liabilities. Under the practice, firms can determine their total costs (how much they will deduct from their profit to determine taxable income) based on the price of the last piece of inventory they bought, regardless of any other prices paid during the same period. Repealing LIFO and similar practices would align tax accounting with how businesses actually operate and stop companies from overstating their input costs.

USE CHAINED CPI-U TO INDEX THE TAX CODE

*REVENUE OVER 10 YEARS: **\$157 BILLION***

This would tie tax bracket adjustment to a more accurate measure of inflation.

OPTIONS TO REDUCE SPENDING

USE CHAINED CPI TO INDEX SOCIAL SECURITY AND OTHER MANDATORY PROGRAMS

REVENUE OVER 10 YEARS: **\$182 BILLION**

This would tie automatic cost of living adjustments to a more accurate measure of inflation.

CONVERT MULTIPLE ASSISTANCE PROGRAMS FOR LOW INCOME INDIVIDUALS INTO BLOCK GRANTS TO THE STATES

REVENUE OVER 10 YEARS: **\$417 BILLION**

Proposed by Ryan's "Better Way Plan" for Healthcare.

CANCEL PLANS TO PURCHASE ADDITIONAL F-35S; PURCHASE NEW F-16 AND F/A 18S INSTEAD

REVENUE OVER 10 YEARS: **\$29 BILLION**

This would reduce the cost of replacing our military's older fighter aircraft while still providing new F-16s and F/A-18s with improved capabilities.

REDUCE IMPROPER PAYMENT RATES FOR FEDERAL PROGRAMS BY HALF

REVENUE OVER 10 YEARS: **\$720 BILLION**

The Federal government spent \$144 billion in 2016 paying for services and transfers to individuals who are not eligible for these programs. Increasing eligibility enforcement would save over \$700 billion in ten years.

REDUCE THE SIZE OF THE FEDERAL WORKFORCE BY 15 PERCENT OR 300,000

REVENUE OVER 10 YEARS: **\$229 BILLION**

The reduction would be accomplished through attrition and would allow agencies to hire two new employees for every three who have retired or left the federal government.

ELIMINATE CONSERVATION RESERVE PROGRAM (CRP)

REVENUE OVER 10 YEARS: **\$20 BILLION**

This program pays farmers with annual rental payments normally over ten-year contract periods to retire land or replace crops on erodible and environmentally sensitive land.

LIMIT MEDICAL MALPRACTICE CLAIMS

REVENUE OVER 10 YEARS: **\$62 BILLION**

Cap non-economic damages at \$250,000; Cap punitive damages at \$500,000.

CAP MEDICAID SPENDING PER ENROLLEE IN 2020, WITH GROWTH OF CAPS BASED ON CPI-U PLUS 1 PERCENTAGE POINT

REVENUE OVER 10 YEARS: **\$374 BILLION**

This would cap the growth of Medicaid spending and the level spent per enrollee in 2020 and allow that level to grow by inflation, plus one percent each year.