



America's independent, non-partisan advocate for overburdened taxpayers.

An Open Letter to the House of Representatives: America Deserves a Balanced Budget!

Dear Representative:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I urge you to support H. Con. Res. 113, the "Cut, Cap, and Balance" budget resolution drafted by Representatives Jim Jordan (R-OH) and Scott Garrett (R-NJ) of the Republican Study Committee (RSC). This fiscal outline builds upon and strengthens the important reforms contained in H. Con. Res. 112, the "Path to Prosperity" budget resolution introduced by Chairman of the House Budget Committee, Representative Paul Ryan (R-WI). By restraining growth in spending, restructuring broken entitlement programs, and reforming our complicated tax code, the Cut, Cap, and Balance budget would put America on a path to surplus in five years without resorting to damaging tax increases.

The RSC plan recognizes that the true problem we face is overspending, not a lack of taxation. Even if all of the 2001 and 2003 tax cuts are extended, the budget will balance within the next decade if Congress can simply commit to a more prudent expenditure path. Allowing spending to grow at 2 percent per year, a rate slightly higher than the 1.7 percent annual growth from 1996-2001, would achieve balance by 2021. By reforming and reducing spending and tax rates, the Republican Study Committee eliminates the deficit by 2017.

The Cut, Cap, and Balance budget starts by setting discretionary spending at a sequestration-compliant \$931 billion and repealing the President's expensive and damaging 2010 health care law. NTU believes the package could be improved by more aggressively tackling inefficiency and wasteful weapons programs in the Defense Department, but the RSC plan does admirably reform the entitlement programs that threaten to drown us in red ink. It restructures and shores up Medicare by transitioning from the current blank-check scheme that has ruined its financial condition to a "premium support" model under which expenditures would grow more affordably. It converts Medicaid to a block grant for states to encourage innovation and cost containment. While it doesn't fundamentally reform Social Security, it does take the important first step of gradually raising the retirement age.

On top of that spending restraint, the RSC proposal offers a strong pro-growth tax reform plan. It would give individual taxpayers the option of choosing a simpler code with just two rates of 15 and 25 percent. It would also eliminate two damaging provisions in the current code by indexing capital gains inflation and ending the odious death tax. In addition, it would reduce our 35 percent corporate tax rate (the highest in the industrialized world) to a more manageable 25 percent while converting to a "territorial" system. Taken together, these reforms would encourage more economic growth and put us on a path to revenues at or above historical levels as a percentage of the economy.

Republicans and Democrats alike conspired to create our current budget mess and we hope they can work together to begin fixing it. NTU believes that the RSC plan – which achieves balance in five years and matches spending to the historical revenue average of about 18 percent of GDP – is the best outline for the future. However, if the RSC’s legislation does not pass, we urge enactment of the Path to Prosperity legislation as the only other outline to honestly and credibly seek solutions without massive tax hikes. The longer we wait to begin reforming our budget, the more difficult it becomes. We urge you to support H. Con. Res. 113, the RSC’s “Cut, Cap, and Balance” budget resolution.

Sincerely,

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