AMERICANS *for* TAX REFORM

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202)785-0266

F:(202)785-0261

www.atr.org

February 17, 2011

The Honorable Saxby Chambliss
United States Senate
Washington, DC 20510

The Honorable Tom Coburn
United States Senate
Washington, DC 20510

The Honorable Mike Crapo
United States Senate
Washington, DC 20510

Dear Senators Chambliss, Coburn, and Crapo:

I was disappointed this morning to read an article by Jonathan Weisman of the *Wall Street Journal* ("Deficit Plan Details Emerge") in which you were implicated as parties to a bipartisan budget deal containing a net tax increase. As reported by Weisman is the following:

> *The tax-writing committees would be given two years to overhaul both the individual and corporate tax codes, with general instructions to close tax breaks and minimize or eliminate tax deductions while lowering tax rates. The committees would be given a target for additional revenues to be raised by the new code. The deficit commission's version of tax reform would net $180 billion in additional revenues over 10 years.*
>
> *If Congress failed to enact the tax code overhaul, the legislation would mandate an across-the-board tightening of tax deductions to meet the higher target.*

Needless to say, support for such a deal would most likely be a violation of your Taxpayer Protection Pledge. That Pledge which you made to your constituents and the American people obligates you to "…oppose any net reduction or elimination of deductions and credits, unless matched dollar-for-dollar by further reducing tax rates." A net tax hike of $180 billion over a decade is simply inconsistent with that promise.

Additionally, the proposal ignores the historical lessons of grand budget deals past. Back in 1982, President Reagan was promised $3 in spending cuts for every $1 in tax hikes. The tax hikes happened—and spending went up. In 1990, President George H.W. Bush was promised $2 in spending cuts for every $1 in tax hikes. The tax hikes happened—and spending came in above the CBO pre-deal baseline. In these bipartisan deals, Washington spenders are actually unharmed, and taxpayers are left holding the bag. This cannot be allowed to happen again.

Finally, Washington has an over-spending problem, not an under-taxing problem. According to CBO, even if no scheduled tax hikes take effect over the next decade, tax revenues will rise to 18.2 percent of GDP—just slightly above the historical average. Meanwhile, President Obama's FY 2012 budget calls for permanent spending levels of 22-24 percent of GDP—well above the historical average of 21 percent. Spending is out of control, whereas taxes are coming in at historical levels. Spending, not taxes, should be the exclusive target of Congress. Congress will spend all the new tax hike money, will fail to restrain spending, and the only winners will be the bureaucrats, lobbyists, and professional rent-seekers of Washington, DC.

I urge you to reject this so-called "deal" which is little more than a transparent attempt to hike taxes and put off the spending restraint the country so clearly called for in the 2010 elections.

Sincerely,

Grover G. Norquist
cc: United States Senate