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Our vision is of a world where the tax code doesn’t stand in the way of success.
A Letter from Our President

It has been a long road to reach this once-in-a-generation opportunity for tax reform. Eighty years of hard work, made possible by your powerful support, is finally paying off. What an adventure! I’m reminded of the road trips through America our family used to take, pulling out those TripTik maps, stopping to gaze at the World’s Largest Ball of Twine (one in Kansas, one in Minnesota!), guessing how many miles that next road sign would say were left to go.

Now it’s our team of 24 navigating the country, using our sophisticated GPS to blast through the barriers on the winding road to meaningful tax reform. Our tools and expertise, our nonpartisan brand and credibility, are helping lawmakers and taxpayers find the way toward fiscal policies that will jump-start the economy and America’s living standards.

In 2016, our Taxes and Growth (TAG) macroeconomic modeling program — our first-of-its-kind tool, quickly copied by our rivals — came into sharp view, as nearly every presidential candidate checked in to use it. So did the House GOP in smoothing out the bumps in their Blueprint for tax reform.

We really kicked our TAG model into overdrive when we produced Options For Reforming America’s Tax Code, which helps lawmakers and taxpayers understand the impact of 86 tax proposals. That resource became so popular that we delivered thousands directly to the desks of lawmakers and staff on Capitol Hill and did countless interviews with engaged media.
Our successes don’t stop at the federal level. Our Center for State Tax Policy staff has been on the road every week advising legislators, governors, and business leaders. We presented or testified in 34 states, plus the District of Columbia, in 2016 — and 24 states already in 2017! In the pages ahead, you will see how our efforts pointed the way to wins for taxpayers in several states, including Arkansas and Oregon.

Our mission in the coming year is not only to keep the wheels moving toward tax reform, but moving in the most direct path toward a more prosperous America. We couldn’t be more excited about the opportunity, and thankful for all your support. Tax reform, done right, is worth the long wait — but 36 years is long enough!

Scott Hodge
The Time for Tax Reform Is Now

“This is going to be a whale of a fight. It’s one that I’ve been waiting for, and trying to take on my entire time in Congress, and we’re ready for this. And so you’re going to see a big fight.”

—U.S. Speaker of the House Paul Ryan
We’re Best Positioned to Drive Tax Reform Forward

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<tr>
<th></th>
<th>Total 2016 Media Citations</th>
<th>Total 2016 TV &amp; Radio Interviews</th>
<th>Total 2016 Website Pageviews</th>
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<td>Tax Foundation</td>
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<td>Economic Policy Institute</td>
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<td></td>
<td></td>
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<td>Tax Policy Center*</td>
<td>272</td>
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<td>Competitive Enterprise Institute</td>
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<tr>
<td>National Taxpayers Union</td>
<td>107</td>
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<td>Americans for Tax Reform</td>
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<td>Brookings Institution</td>
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<td>Cato Institute</td>
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<td>American Legislative Exchange Council</td>
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<td>Mercatus Center</td>
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Media Citations Per $100,000 of Revenue, 2016

*Uses 2014 budget numbers, most recent year publicly available
Tax Reform Is Closer Than It Appears

The road to federal tax reform, once a faraway destination, came into clearer view after the 2016 elections. Recognizing this once-in-a-generation opportunity, we kicked our work into high gear to ensure that whatever legislation emerges grows the economy and fixes our broken code.

The unfairness of the current tax system, which is overly complex and inefficient, leaves individuals and businesses on the side of the road instead of steaming ahead in a competitive economy. But we’ve taken major steps towards changing that. Our hard work has led to meaningful relationships with key lawmakers and the opportunity to keep them on the road to a pro-growth tax code.

Words in federal tax code and regulations

10 Million+

Hours spent complying with the tax code, 2016

8.9 billion

Cost of tax compliance to U.S. economy, 2016

$409 billion
Time is precious, and Americans should be spending it enjoying the things that matter, like friends and family, not wasting it complying with a broken and outdated tax code.
“Ways and Means Republicans regularly turn to the Tax Foundation for credible, thoughtful, and innovative analysis as we move forward with tax reform. The Tax Foundation’s products help us explain to Americans how pro-growth, comprehensive tax reform will directly improve their lives. Thank you for your policy leadership and all of your invaluable work at this historic moment.”

—House Ways and Means Chairman Kevin Brady

We’re Paving the Way to Lasting Reform

By scoring the presidential tax plans, and holding our lawmakers to a higher standard, we created a mandate for legislators to put forward a comprehensive package that would lift American living standards.

This led us to work directly with the House Ways and Means Committee and Speaker Paul Ryan (R-WI) as they crafted their tax reform proposal, the House GOP Blueprint. Our analysis showed that the plan would grow wages, create jobs, boost investment, broaden the tax base, and simplify the code.

- GDP growth from Blueprint: +9.1%
- Jobs created by Blueprint: +1.7 million
- Wage boost from Blueprint: +7.7%
Presidential candidates and moderators discussed our work 13 times in nationally televised debates, more than any other tax group.

We testified multiple times to Congress, including in the House before the Small Business and Ways and Means committees.
Building the Tools Lawmakers Need to Craft the Policies You Deserve

America deserves lawmakers who understand the importance of good tax policy. That’s why we researched and published *Options For Reforming America’s Tax Code*, a detailed guide to the effects of 86 commonly proposed tax changes on revenues, taxpayers, and the U.S. economy.

This one-of-its-kind resource — giving legislators a full, three-dimensional understanding of tax reform — has become one of the most popular publications in our 80-year history.

Through regular meetings with Republican and Democratic staffs of the Senate Finance and House Ways and Means committees, we’ve made sure that almost every tax staffer on Capitol Hill has a copy of our *Options* book and understands what a powerful resource it is.

<table>
<thead>
<tr>
<th>Number of <em>Options</em> books distributed</th>
<th>Number of Capitol Hill Meetings</th>
<th>Number of tax plans modeled</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3,109</strong></td>
<td><strong>49</strong></td>
<td><strong>17</strong></td>
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Congressional offices find our Options book such an essential tool that they keep a copy on their desk at all times.

Congressional staffers look on eagerly as our experts brief them on options to improve the tax code for American families.
Taking Our Expertise Directly to Lawmakers

To walk lawmakers and their staff through the impact of the House GOP Blueprint and other tax reform proposals, we partnered with Intuit to bring the world’s leading tax experts to Capitol Hill for a briefing series called “Talking Tax Reform.” Every event we hosted was packed with congressional staffers taking notes to discuss with their representatives and senators.

We also demonstrated our unique Taxes and Growth (TAG) dynamic scoring model — now an industry standard even among groups like the left-leaning Tax Policy Center—to the staff of Congress’ Joint Committee on Taxation, which is involved with every aspect of the tax legislative process.

Number of Capitol Hill briefings held, 2016-17

20

Combined attendance at Capitol Hill briefings

843

Online views of Capitol Hill briefings

4,170
It was standing room only in the U.S. Capitol as more than 240 congressional staffers crowded in to learn details about the border adjustment at our tax series.

Unlike other models, ours is so streamlined that we can give lawmakers real-time demonstrations of how tax policies will affect the economy.
Spreading Our Success Throughout the States

Every state’s tax code is multifaceted, with many moving parts. When we commit to improving a state’s tax code, we don’t expect overnight success. But through dozens of meetings, our team drives business leaders and lawmakers toward tax changes that benefit residents for generations.

Oregon

A harmful gross receipts tax came up for a vote in 2016, with support from public-sector unions and politicians like Bernie Sanders. We converged head-on with our library of research on GRTs, our strong media presence, and countless meetings with key stakeholders. Ultimately, more than 59% of Oregon voters rejected the proposal.
In one of the top tax reform turnarounds of 2016, Tennessee repealed its “Hall Tax,” an obscure tax on interest and dividends that was jamming the state’s economy. We helped steer the change, and what that yielded was Tennessee’s upgrade to 11th most competitive in our State Business Tax Climate Index.

Arkansas
In 2017, Arkansas achieved a singular feat: repealing its largest business tax credit, InvestArk. This followed crisscrossing the state to research and promote Arkansas: The Road Map to Tax Reform, which outlined InvestArk’s harmful impact. Our work was cited by Arkansas’s top media outlets, quoted on the House floor, and endorsed by Speaker of the House Jeremy Gillam.
Building Lasting Relationships

The relationships we cultivate in the states often have value beyond state tax policy. We saw that firsthand when we ran into an old friend at the White House early in 2017 — Vice President Mike Pence. When Pence was governor of Indiana, the Tax Foundation helped his state make notable strides to improve its tax code.

Our effectiveness and reliability has become so widely recognized that we now have a direct line to the White House. This year, we’ve met with National Economic Council Director Gary Cohn, Special Assistant to President Trump for tax policy Shahira Knight, and Secretary of the Treasury Steve Mnuchin.

Meetings with governors and their staffs 12
White House meetings 5
E-mails to state/federal legislators and their staffs 70,679
The Most Cited Media Day in Our History

When President Trump released his outline for overhauling the tax code in April 2017, taxpayers and journalists across the country turned to us first, in what became the most impactful 24 hours in our history.

Citations in the media in 24 hours: **1,225**

Outlets that cited us in 24 hours: **904**

National TV and radio appearances: **7**

Website pageviews in 24 hours: **108,175**
Our mission is to lead the tax reform debate toward smarter, simpler policy.

Join Our Movement, Help Get Tax Reform Over the Finish Line

As we continue to build consensus across party lines, support for our work is even more crucial than ever. We need your help to bring about tax reform, in our country and in your state, that has a lasting impact on the road to economic prosperity. Your generous support ensures our work reaches the many policymakers across the country who must make the crucial turns toward tax reform.
Small business is the engine that drives the American economy. We need a tax code that allows our entrepreneurs and business owners to get ahead, not one that is a roadblock.
Donor Spotlight: Bill and Candace Fenn

For Bill and Candace Fenn of North Carolina, the secret to a good life is simple: identify your principles and live by them. That’s why they’ve supported the Tax Foundation for two decades.

“The Tax Foundation isn’t swayed by outside groups,” Bill says, “and always focuses on what’s best for the American people and the economy.”

That’s important, Bill adds, “because too many policy groups promote policies that aren’t good for the American people.”

As a veteran who served in Japan and returned for diplomatic duty, Bill understands how governments forget the purpose of tax policy.

“Taxes were created to raise revenue. Many governments try to use tax policy to achieve other ends, like social policy,” he says. “The Tax Foundation keeps our policymakers honest. They focus on promoting workable tax policy solutions that raise revenue without picking winners or losers.”

Bill and Candace began supporting the Tax Foundation in 2001 after receiving a letter from us, the way many of our donors learned of our work and joined our cause. Throughout the years, they’ve noticed that even when Washington faces budgetary and economic challenges, they can rely on the Tax Foundation to stick to its principles: simplicity, transparency, neutrality, stability.
Like many of you, Bill especially appreciates that first principle: simplicity. “Not even my accountant can explain how everything works or why it is the way it is!” Bill exclaims. “Tax policy needs to be much simpler! The Tax Foundation is helping make that happen.”

**Tax Foundation Giving Clubs**

**President’s Circle** – Individuals giving $1,000+ in a year will join this exceptional group of supporters. Benefits include:

- Attending our Annual Dinner in Washington, D.C.
- A framable certificate and a gold Tax Foundation lapel pin
- Exclusive updates from TF president Scott Hodge

**Loyalty Society** – Sign up for automatic giving and be counted as one of our most loyal supporters! You’ll receive a certificate suitable for framing, lapel pin, and special updates about what our team is doing to improve tax policy.

**Legacy Society** – Include us in your estate plan. Planned Gifts are an easy way to leave a legacy and ensure the Tax Foundation can continue advancing pro-growth tax policy for future generations. Enroll before December 31, 2017, and be recognized as Founder's Club Members by engraved plates that will forever remain in our office.
Making Tax Reform Bipartisan

Tax Prom, our annual gathering of the tax community’s best, brightest, and most influential, embodies the bipartisan spirit necessary to bring about impactful and lasting tax reform.

In November of 2016, a sold-out room of over 600 heard House Ways and Means Chairman Kevin Brady (R-TX), one of our Distinguished Service Award winners, strike a welcoming tone when he said, “I think tax reform is more durable and long-lasting and pro-growth if we can find common ground between Republicans and Democrats.”

One of those Democrats and another Distinguished Service Award winner, Sen. Ron Wyden (OR), echoed that sentiment, pointing out that agreement on tax reform “at a time when our country is this divided” would show “what government is supposed to be all about.”

Total attendees

Congressional staffers

Members of Congress

632

196

9
Our Team

John Buhl
Dan Carvajal
Alan Cole
Scott Drenkard
Gavin Ekins
Amir El-Sibaie
Steve Entin
Scott Greenberg
Joseph Henchman
Scott Hodge
Josh Jaye
Nicole Kaeding
Chris Krukewitt
Huaqun Li
Dave Messics
Lexxie Monahan
Colby Pastre
Kyle Pomerleau
Kavya Rajasekar
Shannon Salzman
Morgan Scarboro
Rachel Shuster
Tom VanAntwerp
Michael Vogler
Jared Walczak

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Vice President - Global Taxes, Chief Tax Executive & Assistant Treasurer
Eli Lilly and Company

James W. Lintott (Treasurer)
Chairman
Sterling Foundation Management LLC

The Honorable Bill Archer
Former Chairman, Committee on Ways and Means U.S. House of Representatives

The Honorable Philip English
Co-Chair, Government Relations Group
Arent Fox LLP

Dennis Groth
Owner and Founder
Groth Vineyards and Winery, Oakland, CA

Douglas Holtz-Eakin
President, American Action Forum
Sixth Director of the C.B.O.

Stephen Kranz
Partner
McDermott Will & Emery

Sarah McGill
Senior Vice President, Tax
PepsiCo, Inc.

David Nicholson LLD
Chairman
York Management & Research, LLC

Pamela Olson
Principal, Deputy Tax Leader
PricewaterhouseCoopers LLP

Tom Roesser
Senior Director of Tax Affairs
Microsoft Corporation

Scott Hodge
President
Tax Foundation
## Financials

### Statement of Activities

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<td>Philanthropic Foundations</td>
<td>756,095</td>
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<td>1,552,000</td>
<td>1,275,750</td>
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<td>Business Contributions</td>
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<td>1,481,004</td>
<td>1,350,525</td>
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<td>Donations from Individuals</td>
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<td>348,009</td>
<td>379,348</td>
<td>520,467</td>
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<td>Event Revenue (Net)</td>
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<td>230,389</td>
<td>290,425</td>
<td>373,054</td>
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<td>Investment Income</td>
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<td>8,771</td>
<td>18,695</td>
<td>33,927</td>
<td>39,625</td>
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<td>Publication Sales &amp; Other</td>
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<td>12,014</td>
<td>12,864</td>
<td>114,199</td>
<td>151,077</td>
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<td><strong>Total Revenue</strong></td>
<td>2,173,216</td>
<td>2,953,060</td>
<td>3,764,529</td>
<td>3,667,922</td>
<td>4,373,093</td>
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<td>Programs</td>
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<td>2,820,683</td>
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<td>467,830</td>
<td>642,517</td>
<td>1,022,504</td>
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<td>General &amp; Administrative</td>
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<td>211,880</td>
<td>289,458</td>
<td>369,312</td>
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<td><strong>Total</strong></td>
<td>1,900,821</td>
<td>2,469,668</td>
<td>2,901,256</td>
<td>3,832,512</td>
<td>4,233,214</td>
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| Surplus/(Deficit)                      | 272,395| 483,392| 863,273| (164,590)| 139,879|

### Statement of Financial Position

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<td>Cash &amp; Cash Equivalents</td>
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<td>575,954</td>
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<td>681,766</td>
<td>1,502,093</td>
<td>1,479,620</td>
<td>1,936,988</td>
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<td>Other Assets</td>
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<td>387,095</td>
<td>1,576,692</td>
<td>1,133,300</td>
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<td>Liabilities</td>
<td>(131,702)</td>
<td>(98,393)</td>
<td>(1,342,393)</td>
<td>(1,212,556)</td>
<td>(1,101,768)</td>
</tr>
</tbody>
</table>

| **Net Assets**                         | 1,024,074| 1,578,799| 2,312,345| 2,094,442| 2,352,936|

990 Forms and Audited Financial Statements are available at taxfoundation.org/financials and upon request.
Today, America is a nation where the tax code stands in the way of individuals and businesses alike. Next year, America should be a nation where tax reform has lifted the spirits — and financial well-being — of taxpayers and businesses everywhere!