TAX FOUNDATION

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Public Investment and Deficit Reduction

House Ways & Means Committee Testimony

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In Spring 1993, the Tax Foundation was invited to testify before the House Ways and Means Committee on the Clinton administration's proposals for public investment and deficit reduction. The following testimony was presented by the Tax Foundation's Chief Economist, J.D. Foster, to the Committee on April 1, 1993.

As with any program the size of that proposed by President Clinton, there are good points and bad points. For example, making permanent many of the transitory provisions of present law, such as the research and experimentation tax credit and the low-income housing tax credit, represents good tax policy because, among other things, it brings more certainty to the tax law. Businesses and individuals simply cannot undertake long-term planning with any confidence when there is continued uncertainty in the tax law.

President Clinton's call for a net tax increase of $274 billion . . . comes at a time when American taxpayers are already shouldering the heaviest tax burden in U.S. history.

In contrast to its many good provisions, President Clinton's plan also proposes major tax increases for individuals and corporations. President Clinton's call for net tax increases of $274 billion over the next five years through explicit taxes and another $32 billion in various user fee increases, for a total $309 billion net increase, comes at a time when American taxpayers are already shouldering the heaviest tax burden in U.S. history. Mr. Chairman, let me begin by placing the President's program in economic context. We really have one central economic problem in this country today—one problem that either captures the effects of other problems, or is itself the cause of the other problems: Low productivity growth.

Whether your main concern is wage growth, job growth, international competitiveness, or the futures we leave to our children, it all boils down to increasing productivity.

Productivity, measured as output per hour of all persons in the nonfarm business sector, grew at about 2.4% between 1959 and 1969, slowed to 1.3% from 1969 to 1979, and slowed further to 0.8% between 1979 and 1989. This general pattern has been repeated in most of the major industrialized nations.

Some of the slow productivity growth is demographic in nature. As the baby boomers entered the work-force it shifted the balance of skills to relatively less-skilled workers. The same occurred as the percentage of women entering the labor force increased. New entrants typically have fewer skills, and lower productivity, than more experienced workers. Eventually this surge of less-skilled workers will produce a surge of highly-skilled, experienced workers and improvements in living standards should accelerate.

There are a host of other reasons for the slower productivity growth, however, which do not appear to be self-correcting, including:

- the shift to more service-oriented industries,

• the high costs of government regulation,
• the increase in the size of government at all levels, draining resources from the private sector,
• the low national savings rate,
• the enormous time our businessmen and women spend defending themselves from frivolous lawsuits,
• and the time they spend trying to understand how the latest changes or interpretations of the tax code are going to affect their next investment.

Tax policy can contribute to higher productivity growth in many ways, most of which can be summed up by simply getting out of the way.

We know that we need to raise our standard of living more rapidly in the next 20 years than in the past twenty years. The question we must ask ourselves at this juncture is: Does a deficit reduction program relying on very large tax increases, defense spending cuts, and a reshuffling of domestic spending programs offer any hope of addressing our productivity problems?

Sadly, Mr. Chairman, it does not.

Tax policy is just one of many influences on our economy. Even a perfect tax policy on economic efficiency grounds will not guarantee prosperity if we make enough other mistakes, any more than an all-star short-stop can take a team to the World Series if the team has no pitching.

By raising tax rates on the rich and corporations, the President's plan has specifically targeted for higher taxes those people most likely to save.

Nevertheless, tax policy can contribute to higher productivity growth in many ways, most of which can be summed up by simply getting out of the way. Tax policy can best contribute to higher productivity by getting the tax disincentives out of saving, investing, business formation, and risk taking.

Take saving, for example. Tax-based deficit reduction may increase total national saving by reducing government dissaving, but only if the taxes raised do not reduce private saving by more than the amount of deficit reduction.

While there is much we do not know about how the President's tax proposals will affect the economy, there are a few things we do know. First, we know the tax increases will slow the economy. The only offsetting effect, a possible slight reduction in interest rates, will almost certainly be swamped by the tax increases' disincentive effects. A slower economy means reducing the savings base, as well as the tax base.

We also know that most of the private saving in the U.S. is done by upper-income individuals and corporations. If you want to increase the rate of saving, you must either let those who are likely to save keep more money, or you must reduce the disincentive to save facing the rest of us.

Sadly, the Clinton program has passed-up the opportunity to encourage low- and middle-income Americans to increase their saving. There is not one provision in the President's plan to help these families increase their saving.

By raising tax rates on the rich and corporations, the President's plan has specifically targeted for higher taxes those people most likely to save. The Clinton program is likely to reduce both the rate of saving per dollar of income and the rate of economic expansion, thereby assuring a reduction in private saving which may exceed the amount of actual deficit reduction.

Similarities to 1990

President Clinton's budget program, like its most immediate predecessor, the 1990 Budget Deal, will further slow productivity growth, not enhance it. It will slow saving, investment, business formation, and job growth.

While the process by which the budget is enacted may be much smoother in 1993, the fact is there are a great many similarities between President Clinton's program and the 1990 Budget Deal. Both featured enormous new taxes. Both reduced defense spending below baseline projections. The 1990 Budget Deal allowed total non-defense spending to increase by nearly 29% in its first three years. President Clinton's program is better in this regard, it holds the rate of non-defense spending increases in the first three years to only 14%. Of course, this figure for the Clinton plan assumes all projected spending cuts are made and no new spending programs are enacted.

Perhaps the most disheartening similarity between President Clinton's program and the 1990 Budget Deal is that each will have a successor of like design and size. Mr. Chairman, just as sure as Winter follows Fall, two, maybe three years from now this committee will be holding this same hearing again, the words spoken today still echoing. As Yogi Berra said: It's deja vu all over again.

Even without taking into account this potential increased tax burden, federal, state, and local taxes already represent the largest item in the typical American family's budget.

This is, in fact, the 7th such effort at tax-based deficit reduction since 1982. I have always believed in the expression: If at first you don't succeed, try, try again. But there comes a point where even the most committed, most tireless advocate must ask himself, what am I doing wrong?

President Clinton ran on the basic idea that it was time for a change. He titled his February booklet "A Vision for Change For America". In this case, at least, I wish he meant it. Because history shows clearly that the program before us does not represent change. It represents business-as-usual. And, as usual, it fails to address our basic economic problems—saving, investment, higher productivity, better international competitiveness—putting off for tomorrow what we should have done yesterday.

Deficit reduction is important for many reasons. As a matter of tax policy, the deficit has greatly hindered efforts to reform our tax system to prepare for the competition of the 1990s and the next century. Every attempt at reform either dies on the vine or is turned into an opportunity for raising taxes further. Chairman Rostenkowski has worked hard to make a number of reforms that would simplify the tax code. Each time, the deficit makes the climb that much steeper.

As a matter of fiscal policy, the deficit diminishes our prospects for long-term prosperity. In economic terms, the deficit is a bad. And, as Federal Reserve Chairman Greenspan recently told the Senate Finance Committee: Taxes are not a good in themselves. They are a bad.

Just as two wrongs don't make a right, Mr. Chairman, two bads produce no goods.

Now, Mr. Chairman, I would like to address some of the specific aspects of the President's program that the Tax Foundation finds troubling.

Family Tax Burden

President Clinton has proposed tax increases that will significantly boost the tax burden of working, middle-income families. Even without taking into account this potential increased tax burden, federal, state, and local taxes already represent the largest item in the typical American family's budget. In 1992, the average American family spent 39.7 percent of its budget on taxes—more than on food, clothing, and housing combined. After discharging its tax burden and purchasing the necessities of life, the typical family had only 29 cents left out of each dollar to pay for such items as health care, transportation, insurance, and to save for the future.

Notwithstanding significant Federal individual income tax reductions in 1981 and 1986, income tax relief for the typical family has been overwhelmed by the rising toll of Social Security taxes, Federal excise taxes, and state and local taxes. The bulk of the family's tax savings from income tax reductions in the 1980s were offset by the rapid growth in Social Security taxes. Since 1980, the Social Security tax has increased six times—from 12.2 percent to 15.3 percent. Because of these tax increases, coupled with annual increases in the Social Security wage base, the Social Security tax took $8,260 out of a typical family's income in 1992, half directly and half through the employer's share of the FICA tax.

Business taxes and numerous excise taxes on such items as gasoline, liquor, tobacco, and telephone use also take a significant portion of the family's earnings. Business taxes result in lower wages and salaries for workers, higher prices for the products and services they consume, or reduced returns on the family's savings and

Chart 1
Distribution of BTU Tax

Family Income	Average Annual BTU Tax as a % of Income
Less than $10,000	1.72%
10,000 – 20,000	0.93
20,000 – 30,000	0.71
30,000 – 40,000	0.56
40,000 – 50,000	0.49
More than $50,000	0.32

Source: Consumer expenditure survey data and Tax Foundation computations.

Chart 2
Estimated 1996 Btu Tax Burden By State and Sector
($Millions)

	Residential Sector	Commercial Sector	Industrial Sector	Transportation Sector	Total	State Rank
Alabama	$ 77.6	45.5	197.7	110.5	431.3	17
Alaska	13.2	16.3	82.8	47.2	159.6	36
Arizona	54.7	57.2	50.1	89.4	251.4	29
Arkansas	44.2	28.1	79.4	62.8	214.5	33
California	350.4	357.0	518.4	779.1	2,004.9	2
Colorado	56.4	62.9	56.8	74.4	250.5	30
Connecticut	61.0	47.3	36.2	56.4	200.9	34
Delaware	12.3	9.3	25.7	17.3	64.6	47
DC	9.0	21.0	9.1	7.4	46.5	50
Florida	221.5	189.5	116.9	311.5	839.4	8
Georgia	118.7	88.4	174.5	187.4	569.0	12
Hawaii	6.9	12.4	19.8	43.0	82.0	45
Idaho	20.5	19.0	37.8	24.9	102.3	41
Illinois	227.9	177.9	328.9	235.4	970.0	6
Indiana	113.0	73.3	324.3	159.1	669.8	10
Iowa	55.7	37.2	89.7	64.1	246.7	31
Kansas	49.2	44.8	111.3	77.4	282.7	26
Kentucky	69.9	46.9	178.8	103.4	399.0	19
Louisiana	80.0	58.9	623.3	196.5	958.6	7
Maine	21.8	15.9	30.3	31.6	99.7	42
Maryland	84.3	44.8	113.3	90.8	333.2	24
Massachusetts	106.2	91.1	59.7	111.0	368.0	22
Michigan	183.5	129.5	250.6	186.4	750.0	9
Minnesota	82.2	53.1	133.6	92.7	361.6	23
Mississippi	45.8	28.6	101.2	81.2	256.9	27
Missouri	102.1	77.8	94.8	130.2	405.0	18
Montana	16.1	13.8	40.1	22.7	92.8	43
Nebraska	32.7	30.0	35.2	41.4	139.4	38
Nevada	22.6	18.7	29.8	36.4	107.4	40
New Hampshire	19.2	11.2	16.3	20.0	66.6	46
New Jersey	129.2	128.8	143.8	218.4	620.2	11
New Mexico	20.5	25.8	54.4	63.1	163.8	35
New York	260.5	278.0	191.7	253.2	983.3	4
North Carolina	121.2	91.1	174.6	147.5	534.5	14
North Dakota	13.6	10.6	42.0	18.0	84.2	44
Ohio	214.2	157.7	424.3	218.5	1,014.7	3
Oklahoma	70.5	52.9	153.2	94.3	371.0	21
Oregon	55.7	44.9	76.5	77.5	254.6	28
Pennsylvania	218.8	142.1	387.6	231.3	979.7	5
Rhode Island	16.5	11.3	9.8	15.8	53.5	49
South Carolina	63.8	43.9	135.1	84.7	327.5	25
South Dakota	14.4	8.6	14.8	18.0	55.9	48
Tennessee	102.0	54.4	197.6	126.9	481.0	16
Texas	312.9	270.1	1,507.5	597.6	2,688.1	1
Utah	26.9	22.9	58.2	41.0	149.0	37
Vermont	10.5	6.5	6.2	11.6	34.7	51
Virginia	111.2	102.0	131.4	159.5	504.1	15
Washington	102.9	79.3	196.5	157.1	535.9	13
West Virginia	34.3	23.7	123.4	39.9	221.3	32
Wisconsin	92.0	62.8	126.4	93.5	374.7	20
Wyoming	9.4	10.5	66.7	22.7	109.3	39
United States	$ 4,359.5	3,535.3	8,189.7	6,182.1	22,266.7	

Source: Tax Foundation using U.S. Department of Energy consumption data.

Chart 3
Estimated 1996 Btu Tax Burden By State and Sector

	Percent of Total Dollar Burden					
	Residential Sector %	Commercial Sector %	Industrial Sector %	Transportation Sector %	Total Dollar Burden ($Millions)	State Rank
Alabama	18	11	46	26	$ 431.3	17
Alaska	8	10	52	30	159.6	36
Arizona	22	23	20	36	251.4	29
Arkansas	21	13	37	29	214.5	33
California	17	18	26	39	2,005.9	2
Colorado	23	25	23	30	250.5	30
Connecticut	30	24	18	28	200.9	34
Delaware	19	14	40	27	64.6	47
DC	19	45	20	16	46.5	50
Florida	26	23	14	37	839.4	8
Georgia	21	16	31	33	569.0	12
Hawaii	8	15	24	52	82.0	45
Idaho	20	19	37	24	102.3	41
Illinois	23	18	34	24	970.0	6
Indiana	17	11	48	24	669.8	10
Iowa	23	15	36	26	246.7	31
Kansas	17	16	39	27	282.7	26
Kentucky	18	12	45	26	399.0	19
Louisiana	8	6	65	20	958.6	7
Maine	22	16	30	32	99.7	42
Maryland	25	13	34	27	333.2	24
Massachusetts	29	25	16	30	368.0	22
Michigan	24	17	33	25	750.0	9
Minnesota	23	15	37	26	361.6	23
Mississippi	18	11	39	32	256.9	27
Missouri	25	19	23	32	405.0	18
Montana	17	15	43	24	92.8	43
Nebraska	23	22	25	30	139.4	38
Nevada	21	17	28	34	107.4	40
New Hampshire	29	17	24	30	66.6	46
New Jersey	21	21	23	35	620.2	11
New Mexico	13	16	33	39	163.8	35
New York	26	28	19	26	983.3	4
North Carolina	23	17	33	28	534.5	14
North Dakota	16	13	50	21	84.2	44
Ohio	21	16	42	22	1,014.7	3
Oklahoma	19	14	41	25	371.0	21
Oregon	22	18	30	30	254.6	28
Pennsylvania	22	15	40	24	979.7	5
Rhode Island	31	21	18	30	53.5	49
South Carolina	19	13	41	26	327.5	25
South Dakota	26	15	27	32	55.9	48
Tennessee	21	11	41	26	481.0	16
Texas	12	10	56	22	2,688.1	1
Utah	18	15	39	28	149.0	37
Vermont	30	19	18	33	34.7	51
Virginia	22	20	26	32	504.1	15
Washington	19	15	37	29	535.9	13
West Virginia	15	11	56	18	221.3	32
Wisconsin	25	17	34	25	374.7	20
Wyoming	9	10	61	21	109.3	39
United States	20	16	37	28	$ 22,266.7	

Source: Tax Foundation using U.S. Department of Energy consumption data.

investments. The median-income family paid an estimated $1,702 in total indirect Federal taxes in 1992—or 3.15 percent of its income.

The growth in taxes levied by state and local governments has also accounted for part of the decline in the family's after-tax income. Since 1990, states have added an additional $42 billion in new taxes. Total state and local taxes, which claimed 8.9 percent of the family's total income in 1982, take 9.8 percent (or $5,282) of the typical family's earnings today.

The accompanying charts illustrate the typical family's tax burden.

President Clinton's proposal for a broad-based energy tax based on British thermal units, or BTUs, would have a significant impact on middle-income families. This $73 billion (1994-98) energy tax would cost the typical American family $471 per year according to Department of Energy consumption data. Moreover, the true burden of a BTU tax generally would be hidden from consumers and investors—making it easy to increase in the future.

Chart 1 shows the breakdown of the BTU tax burden by family income class. *Charts 2* and *3* present estimates of the relative burden that a BTU tax would impose by state and by industry group within each state.

Tax Fairness

President Clinton's economic plan contains a number of proposals intended to assure that higher-income individuals bear a heavier tax burden. The rationale for these proposals is that higher-income taxpayers purportedly do not currently pay their fair share of income taxes.

The share of the tax burden borne by the top five percent of income earners grew by 17 percent over the past decade, from 36.4 percent in 1980 to 42.9 percent in 1990.

Several facts should be considered before concluding that the federal income tax burden in the United States is not distributed fairly. For example, based on 1990 tax return data from the IRS, the top ten percent of income earners paid 53.9 percent of all Federal individual income taxes. In 1980, this group bore 48.6 percent of total individual income tax liability. The share of the tax burden borne by the top five percent of income earners grew by 17 percent over the past decade, from 36.4 percent in 1980 to 42.9 percent in 1990.

At the lower end of the spectrum, the bottom 50 percent of income earners saw their share of income taxes decline from 7.4 percent in 1980 to 6.2 percent in 1990. The average tax rate in 1990 ranged from 4.5 percent for the bottom 25 percent of income earners to 21.1 percent for the highest five percent of income earners.

What the numbers above demonstrate is that, notwithstanding arguments that the benefits of the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986 went mostly to the wealthy, tax policies during the 1980s maintained the progressivity of the Federal income tax system, as higher-income individuals continued to pay an increasing share of taxes. Broadening the tax base, reducing tax rates, and encouraging upper-income taxpayers to leave their tax shelters raised their share of the total Federal tax burden—just as predicted.

The personal income tax is, of course, not the only source of revenue to the Federal government. The Federal government also levies various excises which are generally regressive forms of tax. However, the importance of excise taxes as a group has declined steadily from 8.1% of Federal receipts in 1970, to 4.7% in 1980, to 4.2% in 1992. The Federal government also imposes a highly progressive gift and estate tax and a corporate income tax that is probably a progressive tax. No changes in either of these taxes have been enacted recently to change their contribution to the progressivity of the overall Federal tax system.

The final remaining significant source of revenue is the payroll tax. The payroll tax, however, is part of an inter-generational tax and transfer system—in effect, a combination of a tax and a negative tax system. Thus, even though the tax is regressive, the overall program is highly progressive because the progressivity of the transfer, or negative tax, portion of the program is greater than the regressivity of the payroll tax.

Consequently, the overall Federal tax system is highly progressive, due largely to the progressivity of the individual income tax, and has become more progressive in recent years.

International Competitiveness

One of the principal tenets of the Tax Foundation is that the U.S. tax system should provide an environment in which U.S. businesses can compete successfully with businesses of other industrialized nations. The Tax Code should not impede the free flow of goods, services, and capital. Clearly, the United States has through its tax policy frequently placed its own multinational corporations at a disadvantage by imposing more severe restraints and heavier tax burdens on foreign-source income than have several of its trading partners. Moreover, the frequent changes in, and complexity of, the tax law can be a disadvantage to our multinationals because of the high cost of tax compliance and added uncertainty.

Over the past several years, while expressing support for the integrity of legal foreign corporate entities, the U.S. has driven the tax code further and further into the foreign operations of its multinational businesses.

The BTU Tax and Corporate Rate Increase

Both the proposed corporate income tax rate increase and the BTU tax as it applies to businesses are direct assaults on our international competitiveness.

It is often claimed by advocates of these taxes that businesses will simply pass them along to their customers in the form of higher prices. These claims are dubious, at best. Whether the business is domestic or foreign, competition in the global marketplace is fierce and getting more so. The economies of our major international competitors are struggling and their companies are working hard to expand market share and profit margins, particularly on export sales.

If a U.S. company were to try to raise its prices to pass along a BTU tax, for example, it would very quickly lose market share to foreign companies happy to receive the windfall. Raising prices in this environment is simply not an option for most companies.

Nor can or will most businesses reduce their payments to the owners. A funny thing about business owners, if they have an alternative to reducing their own income they will usually take it. Business owners, in fact, often have two alternatives. They can reduce capital investment and they can reduce employment and wage growth. Neither of these results advance the goal of improving our international competitiveness.

International Provisions

Over the past several years, while expressing support for the integrity of legal foreign corporate entities, the U.S. has driven the tax code further and further into the foreign operations of its multinational businesses. This ongoing effort to bring more revenues into the net of current taxation and to restrict the usefulness of the foreign tax credit represents an incremental abandonment of the fundamental principle of international taxation: avoiding double taxation.

Uncertainty is the nemesis of investment. Investors, whether private or corporate, whether investing at home or abroad, take great pains to eliminate all unnecessary risks from their investments and to gauge the remaining risks accurately to ensure that the projected return is commensurate with the degree of the project's risk.

A significant disadvantage for U.S. multinational companies has been the instability of the U.S. international taxation system. Every year or two for the past twenty years, the system has been changed in some way or changes have been threatened.

This continuous change in the tax code confounds tax professionals trying to guide business planners through the tax code both because the existing tax code and regulations are poorly understood, and because future changes, presently unpredictable, can dramatically change the financial condition of a proposed investment.

Thus, not only are U.S. multinationals effectively subjected to heavier tax burdens on foreign income than many of their competitors, but their ability to do long-term business planning also has been hampered severely, thereby raising the uncertainty surrounding their investments.

In the end, many investments simply are not made, even though they would otherwise yield a satisfactory return, because they cannot produce enough income to cover all their costs plus the premium that must be charged to tax uncertainty.

There are several proposals in President Clinton's economic plan that would affect our system of international taxation. These proposals would affect the working capital exception for foreign oil and gas shipping income, transfer pricing, research and experimentation expenditures, royalty income, earnings stripping, and deferral of income.

The repeal of deferral of tax for so-called excessive accumulated foreign earnings could have a significant impact upon the international activities of U.S. multinational firms. Many companies utilize a foreign holding company as the base for their international operations. Under present law, active income earned abroad through a subsidiary generally is not taxed until it is repatriated.

One of the most pro-competitive actions the Congress could take would be to preserve the corporate income tax rates enacted by the Tax Reform Act of 1986.

President Clinton's proposal would tax a company on so-called excessive accumulations of capital regardless of dividend payments. The definition of excessive accumulated foreign earnings would be based on a percentage of assets calculation. If more than 25 percent of a controlled foreign corporation's total assets were passive, then the amount of excessive accumulated foreign earnings would be the lesser of the amount of current year and accumulated earnings or the passive assets over the threshold of 25 percent of total assets.

For example, if a company had $100 of assets, $45 of which represented passive assets, and $15 of accumulated earnings, the excessive accumulated earnings that would be subject to current taxation would be $15. This proposal would add an additional layer of complexity to an already extremely complex area of the tax law and reduce the ability of U.S. multinationals to compete abroad.

Under present law, royalty income can be placed into the active income basket if the royalties relate to an active trade or business. Another proposal in the Clinton program that would be disadvantageous to U.S. multinationals would place all royalty income in the passive income basket for purposes of the foreign tax credit computation. This proposal could significantly affect U.S. companies that are required to establish royalty agreements with their controlled foreign corporations, under Code Section 367, for the transfer of intangible assets. While these assets normally are used to generate active earnings, the royalty income would be classified as passive. The increased taxation of earnings from licensing would adversely affect the competitiveness of U.S. multinationals. It could also result in increased imports of technology and, thus, exports of associated jobs.

The enactment of these proposals most likely would result in the increase of the overall effective tax rate for U.S. multinationals at a time when most U.S. companies are already struggling to compete globally. Accordingly, any additional revenue generated for the federal government through these provisions could well be offset by a loss of global revenues for U.S. companies.

In contrast to the proposals discussed above, President Clinton's proposal to allocate 100 percent of research and experimentation expenses to the place of performance of the research and experimentation would simplify current law significantly and would reduce the compliance costs associated with this constantly changing area of the law. As the Treasury Department points out, enactment of this proposal also likely would encourage firms to conduct research and experimentation in the United States.

One of the most pro-competitive actions the Congress could take would be to preserve the corporate income tax rates enacted by the Tax Reform Act of 1986. Since 1986, most of our trading partners have followed the lead of the United States and have reduced their own corporate tax rates. To raise U.S. rates now would increase the tax burden of U.S. exports and the tax advantage of imports.

Conclusion

The new administration is to be complimented for quickly producing a plan to reduce the Federal budget deficit. The economy is growing at a steady pace, inflation is low, and the ongoing adjustments to the reductions in defense spending seem to be the only significant disruptions to the normal flow of economic activity. Therefore, any disruption to the economy from reducing the deficit, per se, is not likely to disrupt the economy sufficiently to cause a recession.

Whether deficit reduction ultimately serves to improve long-run economic performance or not depends entirely on how we proceed. Yet another major tax increase, with numerous specific tax proposals that will directly inhibit the forces that could otherwise lead to higher productivity growth and improved international competitiveness, will not advance the cause of prosperity in the United States.

The Tax Foundation, a nonprofit, nonpartisan research and public education organization, has been monitoring tax and fiscal activities at all levels of government since 1937.

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