**LCAO Tax Reform Discussion Document**

**4 tax reform questions for LCAO to consider:**

1. Is it accurate to assume that LCAO groups can agree on **two broad themes** on tax reform?

* **The process for considering tax reform must be fully transparent.** Taxation impacts every aspect of America’s economy. No votes should be taken without a thorough analysis by the nonpartisan Joint Committee on Taxation and Congressional Budget Office, including detailed distribution tables. Hearings should be held on legislation proposed and regular order should be followed with committees of jurisdiction marking-up bills and opportunities to consider amendments. (LCAO Tax Reform Work Group (TRWG) Draft)
* “Congress should ensure that Americans will continue to have access to the private sector retirement system and to meaningful savings incentives. **Meaningful retirement incentives** help millions of hardworking, middle-class families plan for their future and any effort to reform the tax code must protect these families and the retirement planning they've depended upon for generations. The convenience of being able to contribute directly to an employer-sponsored retirement plan through payroll deduction makes it easy for millions of Americans to save for retirement. In fact, 80% of households who have a retirement account say its tax treatment is a big incentive to contribute, and about 90% of households oppose both taking away the tax advantages of retirement accounts and reducing the amount individuals can contribute to retirement accounts.” (SOS Coalition)

1. A third broad theme we can likely agree on requires consistent, effective **messaging** – the importance of sufficient revenues and concerns about the impact of large deficits on future spending cuts to senior programs (see 10/26 Roll Call article). Options include:

* Permanent changes to the tax code must ensure adequate revenues to meet critical needs for our country. For older Americans who have worked hard and played by the rules all their lives, it means keeping the promise of a dignified and secure retirement.A permanent reduction in revenues could jeopardize the future of Medicare, Medicaid, Social Security and the Older Americans Act by increasing the pressure to severely cut these critical programs. There is no credible evidence that tax cuts will pay for themselves. (LCAO TRWG Draft)
* “Tax reform should be focused on providing a revenue base that meets the needs of our country. Deep cuts to our corporate, individual, and other tax rates are very costly. We will not support any effort to pass deficit-financed tax cuts, which would endanger critical programs like Medicare, Medicaid, Social Security and other public investments in the future.” (Senate Dems)
* “Budget Ransacks Medicare & Medicaid – after adding trillions to the debt in tax breaks for corporations & the wealthiest, the GOP will use the deficit to justify devastating Medicare & Medicaid.” (House Dems)
* “The Republican budget just passed by Congress slashes Medicare by $500 billion and Medicaid by $1 trillion, to fund huge tax cuts for the wealthy and large corporations. The budget includes $1.5 trillion in tax cuts that are not paid for. This will balloon the deficit and trigger additional cuts to priorities like Social Security, Medicare, Medicaid, and education down the road.” (ATF)
* “Congressional Republicans this fall are poised to launch step one of a likely two-step tax and budget agenda: enacting costly tax cuts now, then paying for them later through program cuts mostly affecting low- and middle-income families. Most of the elderly would lose more from the program cuts than they would gain from the tax cuts. When deficits rise, those who supported the tax cuts will likely label these deficits as unacceptable and point to spending as the culprit. When that happens, they presumably will call for the kinds of deep cuts they’ve already proposed in their long-range budget plans, which would hit key health care, nutrition, housing, and community services programs that many elderly people count on. Those cuts could happen as soon as next year.” (CBPP)
* “Rising deficits will create pressure to cut programs that primarily benefit low-income and middle-class families. The same congressional budget resolution that lays the groundwork for these tax cuts also calls for $5.8 trillion in budget cuts over the coming decade, including $1.8 trillion in cuts to Medicaid, Medicare, and other health care programs and $800 billion in cuts below the already austere sequestration levels in “non-defense discretionary” programs. Republican leaders have already indicated that they intend to use future legislation to make such budget cuts, perhaps as soon as a new reconciliation bill next year, and will use deficits to justify doing so.” (CBPP)

1. Should LCAO comment on **specific tax provisions**, such as:
   * Medical Expense Deduction
   * Charitable Expense Deduction
   * State and Local Tax Deduction
   * Estate Tax
   * Caregiver Tax Credit
   * “Cadillac” Tax
2. Should LCAO comment on tax **fairness and progressivity** concerns?

* Everyone must pay their fair share, and reform should not disproportionately benefit the wealthiest Americans. (LCAO TRWG Draft)
* “We believe that tax reform should not increase the tax burden on the middle class. In addition, any reform effort should not benefit the wealthiest individuals, who have already seen outsized benefits from recent economic gains while working-class wages have remained stagnant. We will not support any tax reform plan that includes tax cuts for the top one percent.” (Senate Dems)
* The tax reform proposal is just another GOP multi-trillion dollar giveaway to the wealthiest at the expense of the middle class and working Americans. We know this much is true: (1) taxes will be raised on middle class families across America; (2) 80 percent of the GOP’s tax cuts go to the wealthiest 1 percent, at the expense of children and working families. (House Dems)
* This deficit-exploding proposal to hand out massive tax breaks to millionaires, billionaires, and big corporations will threaten deep cuts to Social Security, Medicare, Medicaid, and other middle-class priorities. The wealthy have done extremely well in recent years, while middle-class families work harder than ever to make ends meet and older Americans are increasingly reliant on Social Security and Medicare. We should focus on ways to create jobs, rather than handing out tax cuts for the wealthy and big corporations.

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