TAX FOUNDATION’S GROWTH AND OPPORTUNITY AGENDA:
CHARTING A NEW COURSE FOR TAX POLICY IN AMERICA

A THREE-YEAR STRATEGY

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“Thank you for looping us in on the research you’re doing; it definitely helps as we are having internal discussions on these proposals.”

-Democratic Senate Staffer

“I believe the work you all do is so important, particularly now, with the dramatic increase in the national debt arising in part from the unprecedented needs during the pandemic and the unbelievable spending plans pushed, post-pandemic.”

-Donor
INTRODUCTION:
Twenty Years of Shaping the World

Since 1937, Tax Foundation has worked to improve lives through better tax policy with our core principles of transparency, simplicity, stability, and neutrality.

Over the last 20 years, our partnership has resulted in significant strides. We defended the Bush-era tax cuts in 2004 and took on the painstaking task of explaining who actually bears the tax burden in 2005. Fiscal incidence, distributional effects, the IRET merger, Tax Foundation was there, thanks to our generous supporters.

The game changed entirely in 2011, following the IRET merger, when we launched our dynamic tax modeling project. We modeled the fiscal cliff in 2012, Rep. Dave Camp’s Draft Tax Reform plan in 2014, and Sen. Marco Rubio’s tax plan in 2015, which led to every major 2016 Republican presidential candidate coming to Tax Foundation for a stamp of approval on their tax plan.

2017 was our moment to shine when we modeled Rep. Paul Ryan’s “Path to Prosperity” Blueprint, which ultimately evolved into the Tax Cuts and Jobs Act (TCJA), legislation that leaned heavily on Tax Foundation’s input.

When COVID-19 came to America and crippled economies at every level, we were prepared to act. In 2020, in addition to defending the TCJA, Tax Foundation also modeled the Democratic presidential candidates’ tax plans, provided real-time analysis of COVID-19 economic relief proposals, and launched a new tax policy education platform called TaxEDU.

In 2021, our Taxes and Growth (TAG) Model again flexed its muscles, modeling every aspect of the Biden agenda, from the $3.5 trillion House Ways and Means Build Back Better (BBB) plan, to the infrastructure bill, to the new global minimum tax, and everything in between.

Tax Foundation has evolved into a highly respected policy organization meshed with a very sophisticated public relations firm and, as such, is extraordinarily skilled at amplifying its research and analysis. We ranked fourth out of 306 organizations in the 2021 Think Tank SEO Ratings, moving up three places from last year. SEO, or search engine optimization, is what brings more than 20 million people to our website each year.
We have become more than a high-powered research and communications organization, though. Tax Foundation’s people, tools, and talent have integrated so seamlessly that we are outproducing and outperforming our peers in and out of the tax policy arena. We published nearly 500 pieces of analysis in 2021, an unprecedented milestone for Tax Foundation.

In 2022, Tax Foundation will not just combat hollow talking points with facts, we will also set forth a new vision for tax policy aimed at the 2024 presidential and congressional election: growth and opportunity for all.

Tax Foundation’s Growth and Opportunity Agenda (2022-2024)

Americans deserve a tax system that lifts all boats, not progressive policies that lead to a bloated federal government and a mountain of debt. With your partnership, Tax Foundation will begin a three-year strategy to set a new and visionary tax agenda for America and influence the tax debate during the 2024 presidential and congressional campaigns. We want their plans to embody our principles of sound tax policy and create a new vision of growth and opportunity.

Tax Foundation’s **Growth and Opportunity Agenda** will chart this new course by:

- **Growing incomes**: Our policies will aim to double real incomes over the next generation.

- **Creating opportunities for workers**: Our policies will reduce the tax costs of hiring while promoting entrepreneurship and innovation.

- **Building more resilient supply chains against future shortages and inflation**: Our policies will help reduce tax burdens on suppliers, producers, inventory management, and cross-border supply chain management, leading to more resilient supply chains moving forward.

- **Making the U.S. more competitive**: Our reform plan will eliminate the Trump tariffs and make the U.S. a more attractive place to invest and do business.

- **Creating wealth**: Our reform plan will reduce double taxation to spur private domestic investment and innovation and make saving easy, simple, and tax-free.

- **Simplifying the tax code**: Our reform plan will reduce complexity and take the fear out of filing taxes.
This three-year effort begins in 2022.

- **Year One:** In 2022, we will lay the intellectual, marketing, and social media groundwork for the broader Growth and Opportunity Agenda, while continuing to show the harmful effects of Biden’s tax policies and influence the tax narrative during the mid-term elections.

- **Year Two:** Irrespective of the results of the mid-term elections, we will renew our efforts in 2023 to gain broad support for our policy initiatives on Capitol Hill and expand our social media campaign, while beginning to reach out to candidates as they announce for the presidency and offer our tax modeling services.

- **Year Three:** 2024 will be focused on working with candidates to score their tax plans, modeling all the competing candidates’ tax proposals and distributing our findings to the public through a multichannel communications effort.

**The Work Begins in 2022**

The key to setting the tax agenda for the presidential and congressional candidates in 2024 is laying a solid intellectual groundwork for those policies in 2022. But this policy work must be matched by an equally well-designed strategy of engagement.

That’s why our research agenda will be amplified by a multichannel marketing and communications campaign to engage members of Congress, Washington, D.C. influencers, journalists, and taxpayers across America.

**Growth and Opportunity Policy Agenda**

**Part 1: Real Problems Met by Positive Tax Reform Solutions**

Coming out of the pandemic, we envision an economy brimming with innovation, dynamism, and economic and social mobility, all of which will foster greater financial security for American families. With Tax Foundation’s guidance, policymakers can create a tax code that reflects the optimism of the new economic landscape and fosters an environment where new opportunities can be carried through to fruition.

Each of the reforms we outline here would help policymakers create a tax code that enables growth and opportunity for all and helps meet serious challenges in the short term, such as inflation, and the long term, such as the need for more investment and better jobs. They are policies to ensure people can pursue new ideas and business ventures, create new opportunities for workers, realize upward mobility, and work toward greater financial security. Further, they help provide resilience against uncertainty and higher inflation while increasing U.S. competitiveness.
Framing the Debate in a Foundational Study. Our first step will be to set out these proposals in a lengthy “foundational” paper that reviews the key economic and social issues we aim to address and uses the results generated by our TAG Model to build the case for how each of these policy prescriptions will solve those issues. What follows is a summary of this foundational paper.

First, policymakers should aim to promote greater innovation, dynamism, and competitiveness by improving the way the tax code treats private enterprise. Improvements are also necessary to ensure supply chains are more resilient moving forward and to protect against continued inflation.

If we aim to grow the workforce and become more productive, it’s imperative that thriving businesses invest in new equipment and technology, expand facilities and locations, and hire and train workers. The way the tax code treats such investments can create an impediment to increased growth, especially in high inflationary environments, preventing new expansions and opportunities from occurring in the first place, and exacerbating the effects of higher inflation.

Reducing and simplifying business taxation would go a long way towards realizing a more productive and faster growing economy with more jobs, higher wages, and greater opportunities.

These Business Tax Reforms Include:

• Better cost recovery for capital investment to remove inflation and reduce penalties

Implementing full expensing for short-lived capital investments and indexing the depreciation schedules for buildings and factories for inflation and a real return (referred to as “neutral cost recovery”) would remove the tax penalty from investments in physical assets, encouraging more investment to benefit workers and businesses.

• Better cost recovery for R&D and a simpler R&D tax credit

While the U.S. leads on many R&D fronts, our advantage is in jeopardy as a tax penalty on R&D investments went into effect at the start of 2022. Reversing the R&D tax penalty, which will worsen in our current high inflationary environment, and simplifying the R&D tax credit so smaller businesses, start-ups, and entrepreneurs can utilize the credit too, will incentivize continued innovation.

• Maintain a competitive corporate tax system

At 25.8 percent inclusive of the average state corporate tax rate, the combined federal-state U.S. corporate tax rate ranks slightly above the OECD average of 22.7 percent—a substantial improvement made by the Tax Cuts and Jobs Act over the years prior, in which the U.S. had the highest corporate tax rate in the developed world. As countries continue to compete for international investment, the U.S. should strive to maintain a competitive corporate tax rate.
Similarly, the U.S. should reduce and simplify our international tax rules to be consistent with those found in other industrialized countries.

- Return to competitive free trade policies

  Since 2018, the United States has embarked on a trade war to shield legacy industries from competitive pressures while failing to address trade practices of other nations. Removing the tariffs, which have created higher prices for U.S. consumers and businesses, is another way to ensure our industries remain competitive and U.S. consumers and businesses do not face disadvantages compared to others around the world.

- Remove the double taxation of corporate income

  Many countries have reduced double taxation by more fully integrating the individual and corporate tax codes. Integrating the corporate and individual tax codes in the U.S. would relieve the distortions caused by double taxing corporate income, reduce the cost of capital, and lead to a higher level of investment.

- Clean up the structure of the business tax code

  It is possible to raise large amounts of tax revenue while cleaning up the structure of the business tax code. For instance, lawmakers could target provisions that create an uneven playing field across industries or sectors, such as the exemptions for credit union income and municipal bond interest, and tax benefits for Blue Cross, Blue Shield companies. The Treasury Department estimates the cost of the three expenditures at a combined $77.7 billion over 10 years.

Second, policymakers should further remove inflation penalties from the tax code, help individuals and families save for the future, and take the fear out of filing taxes.

Millions of individuals experienced job loss and financial hardship during the pandemic. Difficulties relieved by government programs, such as direct relief payments and expanded unemployment insurance, enabled individuals to put money away for future needs.

Unfortunately, the tax code creates barriers for individuals who wish to save by taxing income on the way into savings accounts and again taxing the earnings within savings accounts. Further, complex barriers, restrictions, and requirements on educational savings accounts, health savings accounts, and retirement accounts add to the difficulty of creating a financial buffer for future needs.
Individual Income Tax Reforms Include:

• Broaden the tax base and lower tax rates

Lowering top tax rates on individual income would encourage individuals to work more, save more, and pursue economic opportunities such as creating and growing a new business. These rate cuts can be offset by eliminating needless deductions benefiting mostly high-income taxpayers.

• Streamline social benefits

Over the past 20 years, millions of taxpayers have been knocked off the tax rolls because of the expansion of numerous tax credits, such as the child tax credit (CTC). Addressing the growing fiscal cost of refundable tax credits—such as last year’s expanded CTC, which cost more than $200 billion or about 10 percent of individual income tax revenue—would yield significant savings.

• Remove tax barriers from personal saving

The creation of universal savings accounts (USAs) would help people to save. USAs are all-purpose accounts available to anyone, with no minimum contribution requirements and no restrictions or penalties for withdrawals. They apply the proper tax treatment to saving, as they have only one layer of taxation, at the time of either contribution or withdrawal, removing the inflation penalty inherent in current capital gains taxation.

• Inflation-index features of the tax code that are unindexed for inflation

Several individual income tax parameters remain unindexed for inflation, meaning higher levels of inflation can artificially increase individual tax burdens. For example, the brackets of the Net Investment Income Tax are not inflation-indexed, nor are capital loss limitations or capital gains exclusions for primary homes. Achieving full inflation indexing across the individual income tax code will ensure the tax code is better structured to account for inflation.
Policy Agenda Part 2: Detail the Harmful Impact of Biden’s Tax Policies

Over the past two years, we have used our TAG Model to analyze every tax policy proposed by President Biden—from the $5 trillion in tax hikes in his 2020 presidential campaign, to his 2021 budget plan, to the various versions of his plans devised by the House Ways and Means Committee. We have also assessed the economic consequences of tax plans developed by leading progressives such as Senators Elizabeth Warren and Bernie Sanders.

This work will have to continue in earnest throughout 2024 because progressives will continue to stir populist sentiments about taxing the “rich” and big corporations.

Among the issues we will continue to model the economic consequences of:

- **A 15 percent minimum tax on corporate book income:** A key part of Biden’s BBB plan, this type of tax has several unintended consequences, harming investment in an extremely non-neutral and distortionary way.

- **Tax on stock buybacks:** The BBB plan included a 1 percent excise tax on the value of stock repurchases. This tax is similar to a tax on dividends and would harm shareholders as much as corporations.

- **Levying the 3.8 percent Obamacare surtax on pass-through business income:** While touted as taxing the “rich,” the BBB agenda represents a massive tax increase on family and individually owned businesses.

- **Modeling the taxes needed to reduce Biden’s deficits:** The Congressional Budget Office estimated that if fully implemented, the BBB plan would add more than $3 trillion to the national debt over a decade. We will continue to use the TAG Model to illustrate the magnitude of new taxes that would be needed to close such deficits.

Engagement Strategy

This research agenda will be amplified by a multichannel marketing and communications campaign to engage members of Congress, Washington, D.C. influencers, journalists, and taxpayers across America. Every outreach tool and technique at our disposal will be leveraged, including:

- One-on-one meetings with members of Congress and their staff

- Educational briefings, explainer videos, podcast episodes, and glossary terms, promoted through our TaxEDU platform
• Timely “Talking Tax Reform” webinar discussions featuring leading experts from Tax Foundation and the broader tax policy community

• Continuous promotion to key journalists and media outlets, including news releases, op-eds, and rapid response pitching

• Organic promotion to our 150,000+ social media followers and email subscribers

• A cohesive content marketing strategy, including a new Growth and Opportunity Agenda landing page and resource center, optimized for search engines

• A paid advertising campaign spanning Twitter, Facebook, Instagram, YouTube, and search engines, targeting policymakers, journalists, policy influencers, and average taxpayers

**Capitol Hill Engagement**

In 2021, we had 70 one-on-one meetings with congressional staff and Members in both parties. These personal touches will continue in earnest in 2022. We use these meetings to get a pulse of what policies matter most to lawmakers and to share our research and analysis and guide them towards pro-growth solutions.

We have two immediate congressional priorities in 2022:

1. With the pending retirements of pro-growth advocates such as Rep. Kevin Brady and Sen. Pat Toomey, we must **identify and build relationships with tomorrow’s tax policy leaders**. Our aim will be to provide them with the material and resources to be effective advocates for pro-growth policies and, ideally, endorse the policy solutions we outline in our Growth and Opportunity Agenda. We are already reaching out to Rep. Brady and Sen. Toomey to get their input in identifying which of their colleagues they see as candidates to carry the pro-growth banner.

2. We must **fill the vacuum of thought-leadership in D.C. and build a framework of positive, bipartisan tax policies that legislators can rely on**. Experience shows that presidential campaigns frequently draw from legislation that has already been vetted and drafted into legislation. In 2014, for example, we worked with the staff of Sen. Marco Rubio on a pro-growth tax reform package. That legislation became the foundation for Sen. Rubio’s presidential platform and spurred other candidates to seek our help in crafting their tax plans.
**TaxEDU**

TaxEDU is a one-stop platform that gives teachers the tools to make students better citizens, taxpayers a vocabulary to see through the rhetoric, lawmakers crash courses to write smarter laws, and videos and podcasts for anyone who wants to boost their tax knowledge on the go.

Our Growth and Opportunity Agenda will inform many of our TaxEDU offerings over the next few years, ensuring there’s a basic understanding of pro-growth tax policy among key audiences.

**Tax Foundation University**

Tax Foundation University 2022 will be tailored to help congressional staff tackle today’s biggest tax issues, all in three one-hour sessions. Each lecture will be packaged with visual aids from TaxEDU, such as infographics and charts; relevant research, so attendees can dive deeper; and related resources, like videos and podcasts. Upon completion, congressional staff will have everything they need to craft informed and principled policies.

- **Session 1** will cover key parts of the individual tax code, explaining how it contains elements of income and consumption taxes and applies to a growing share of businesses, colloquially known as “pass-throughs.” We will illustrate how the BBB plan would affect individual taxpayers.

- **Session 2** will cover key parts of the corporate and international tax code, discussing the current tax landscape, implications of scheduled and potential changes, and a discussion of the latest research on who bears the burden of corporate income taxes. We will also discuss key concepts at play in the BBB debate, such as differences between taxable and book income and the tax treatment of other types of financial income.

- **Session 3** will cover applications, in which we will provide a demo of the Tax Foundation model and an overview of our Growth and Opportunity Agenda policies. We will discuss how charting a path of increased economic opportunity, innovation, and dynamism, growing industries, and greater financial security can be facilitated by better tax policy.

**Explainer Videos**

Our TaxEDU explainer videos are high-quality, animated shorts that deliver a light-bulb moment on one key issue in under two minutes. They enrich our educational efforts by making ideas approachable and “sticky,” and, when done right, can shift the narrative.

In 2022, we will produce an explainer video busting the myth that other countries pay tariffs. We’ll explain why tariffs are taxes too; how they’re borne by U.S. businesses and consumers, especially the least well-off among us; and why repealing tariffs will make everyone better off. This video will be amplified with advertising and a social media ad campaign.
In 2021, each of our explainer videos was viewed over 400,000 times on average.

The Deduction Podcast

Our new podcast, "The Deduction." has cultivated a loyal and growing audience, especially among D.C. insiders. It provides us an unfiltered platform to explore each of the main policy planks of the Growth and Opportunity Agenda.

Throughout 2022 and 2023, we will produce 5 podcast episodes dedicated to breaking down key components of our foundational Growth and Opportunity Agenda, as well as regular podcast updates on the status of President Biden’s tax policy agenda and plans in Congress and among the 2024 presidential candidates.

Tax Basics Glossary

Our Tax Basics glossary helps lawmakers and taxpayers alike understand the terms of the tax debate from a pro-growth perspective, enhancing the overall quality of debate.

In 2021, timely new terms like "Step-up in Basis," "State and Local Tax Deduction," and "Corporate Income Tax" were viewed 60,000 times on average. As a whole, our glossary of over 80 terms was viewed over 775,000 times.
Over the next three years, we will continue to add terms to our glossary that are essential for understanding our Growth and Opportunity Agenda and engaging in today’s debate, such as:

- “Minimum Tax”
- “Inflation”
- “OECD Pillar I” and “OECD Pillar II”
- “Balance of Trade”
- “Research and Development (R&D) Tax Credit”

**Webinars and Briefings**

Our Talking Tax Reform event series positions Tax Foundation as thought-leaders in the tax policy world, giving attendees an opportunity to learn directly from Tax Foundation experts and other authorities about the day’s most pressing tax issues. We have nearly a dozen webinars planned for 2022, which will be heavily promoted to congressional staff, D.C. influencers, and reporters. Our 2021 webinars averaged over 200 online attendees.

A number of these sessions will be on key topics drawn from the Growth and Opportunity Agenda. These include: “Lessons Learned from Build Back Better,” “Tax Filing Complexities and the Need for Simplification,” and “The Impact of Tax Policy on Supply Chains.”

**Traditional Media Promotion**

No other organization is cited as widely on tax issues. Tax Foundation research generated over 30,000 media citations in 2021 because of our extensive media lists, deep relationships with key journalists, and rapid-response media pitching. Our economists frequently appear on Squawk Box, Fox News, Fox Business, and other news outlets. Last year, our work was cited a combined 121 times in *The Wall Street Journal* (53 citations), *The New York Times* (25 citations), and *The Washington Post* (43 citations).

To drive maximum media impact for our Growth and Opportunity Agenda, throughout the next three years we will:

- Pair every foundational piece of research with tailored outreach to key print and broadcast journalists at national and state levels
- Amplify blog posts and other short-form analyses with real-time, rapid-response pitching, as news breaks
- Craft a series of op-eds for national outlets, as well as regional outlets in key congressional districts, communicating the real-world benefits of our proposed policies to average taxpayers, businesses, and local economies
- Offer the media exclusive briefings and model demonstrations
Social Media and Email

Our existing social media followers and email subscribers, totaling over 150,000, provide a wide and diverse audience for us to engage with the Growth and Opportunity Agenda and quickly spread the word.

On each social media platform, we've cultivated a dedicated and unique audience including journalists, policymakers, and influencers on Twitter, average taxpayers on Facebook, tax professionals and business leaders on LinkedIn, and, as of 2022, young taxpayers and future policy leaders on Instagram. Our email lists include a mix of these audiences, including over 60,000 subscribers to our weekly newsletters and over 2,300 legislative contacts.

To drive maximum impact among our followers and subscribers, we will:

• Pair every foundational piece of research with an organic, coordinated campaign on Twitter, Facebook, LinkedIn, and Instagram

• Feature all Growth and Opportunity Agenda research and analysis prominently in our weekly email newsletter and periodic campaigns to legislative staff

• Conduct continuous, personal email outreach to key allies on Capitol Hill and throughout the policy and business communities

• Launch a new, monthly email newsletter in 2023 for subscribers to stay updated on all our analysis of 2024 presidential and congressional tax plans

Website and Search Engine Optimization (SEO)

Our website received over 23 million pageviews in 2021, more than any other tax policy organization, and more than much larger think tanks. The key to our strategy is a first-class content marketing strategy, paired with one of the best search engine optimization (SEO) programs among nonprofits. Tax Foundation ranked 4th overall for search engine efficiency in 2021, according to an independent survey of over 306 organizations, ahead of groups like the Pew Research Center, Brookings Institution, Heritage Foundation, and Center for American Progress.

Every key piece of research we publish in our Growth and Opportunity Agenda series will be optimized for maximum web traffic and paired with short-form analyses designed to build internal links and capture organic search traffic for key terms in the debate.
Growth and Opportunity Agenda Landing Page and Resource Center

The foundational publication outlined above will provide the basis of a new Growth and Opportunity Agenda landing page on Tax Foundation’s website. On the landing page, visitors will find two handy guides, a Resource Center and a Tool Kit. Similar to the resource centers we created for complex issues such as international tax or GILTI, this page will be home to the various blogs, short topical reports, key terms, social media content, and recording of our latest podcast discussing these proposals.

The Tool Kit will be similar to the International Tax Resource Kit we distributed to congressional offices that contained info graphics, charts, a glossary of terms, issue briefs, and other explainer content.

Paid Digital Advertising

To supplement organic traffic to our Growth and Opportunity Agenda research, we will launch and sustain a targeted paid advertising campaign on social media and search engines. This campaign will consist of three primary components:

1. Influencer campaigns in Washington, D.C. aimed at policymakers, journalists, and the policy community on Twitter

2. Social media campaigns targeted at political moderates (the “movable middle”) in key congressional districts, bringing a local angle to the benefits of pro-growth federal policy

3. A broad educational campaign reaching engaged taxpayers on Facebook, Instagram, YouTube, and search engines
TAG Model Refinement and Online Expansion

One of the challenges of any tax modeling program is the ever-increasing complexity of the tax code and the never-ending creativity of politicians to think up new ways of taxing people and businesses.

When we launched the TAG modeling program over a decade ago, the tax code seemed much simpler than it is today. Never in our wildest dreams did we think we would someday have to model weird policies such as the GILTI tax, Sen. Elizabeth Warren's wealth tax, a tax on corporate book income, or Sen. Ron Wyden's proposed tax on unrealized capital gains. But these are the challenges that our modeling team is faced with every day, and they have risen to the challenge.

Throughout 2022, we will continue to add data and features so that we can “put a face” on individual and corporate tax proposals and stay ahead of the debate over harmonizing global taxes. The Tax Foundation has been at the forefront of modeling these proposals and must remain so as these issues become more complex and their economic impact more nuanced.

Democratizing the TAG Model

The first TAG Model, gifted to Tax Foundation by Steve Entin and Gary Robbins, was built in Microsoft Excel because they hoped it would eventually be used by congressional staff to score their own tax ideas. Even though the TAG 2.0 version of the model is now coded in Python and being migrated to the cloud, we still have a vision of making some capabilities of the model available to members of Congress, their staff, influencers, and, someday, economics students.

Our concept is similar to online tools that other groups have created, such as the Hoover Institution's “America Off Balance Budget Calculator,” to allow people to try different solutions to reduce the national debt. A simplified online version of the TAG Model would democratize dynamic scoring and allow congressional staff and Members to learn about the economic effects of tax policies by doing.

We've also found that many progressive Members of Congress and their staff are quite suspicious of dynamic tax models; they see them as black boxes and don't trust their results. Consequently, they are often reluctant to ask us to model their tax plans. We feel if they could use the online TAG Model in the privacy of their own office, it might lessen their objections. If nothing else, they would be able to understand how we would score some of their more radical proposals, which might have a dissuading effect.

We recently surveyed the top staff members of the key tax writing committees to see if an accessible version of the TAG Model would be of any use or interest to them. Six of the 13 respondents (both Democrats and Republicans) said they would like to use a simplified version of the model to independently run their own simulations. The others favored private demonstrations of how the model scored their tax proposals by Tax Foundation economists. A number of respondents privately said that they and their Member would like a preview of the online model when it is completed.
Starting Simple. The 2022 version of the online TAG Model will be fairly basic, allowing users to select tax changes from a drop-down menu of options. In the BETA version under development, the menu includes about two dozen common changes to the tax code, such as raising and lowering individual tax rates, modifying deductions such as SALT, and changing the corporate tax rate.

These changes can be made individually, or they can be paired with another change. For example, a user can pair cutting the top individual tax rate with eliminating the SALT deduction to see how broadening the tax base can offset the revenue losses from a rate cut.

After pressing the “calculate” button, users will quickly see how the tax change affects GDP, jobs, wages, and capital investment. Over time, we aim to display the more extensive results, such as the impact on various income groups, in the same format as we show in our publication Options for Reforming America’s Tax Code.

Sample Output Page from the TAG Online Model

As the online tool develops, we will gradually add features and the ability to make larger changes, such as implementing a value-added tax or carbon tax. We believe that this online tool will not only elevate lawmakers’ understanding of the economics of tax policy but encourage them to ask for our help in developing and scoring comprehensive tax reform proposals that cannot be done with the simpler online model.

To make the online TAG Model as user-friendly as possible, we will have to contract with a web developer (or hire one) to help design and build a responsive web interface. These skills are beyond our in-house capabilities. We want the look and feel of this tool to be as user-friendly as possible, or it will not be used. The American Enterprise Institute’s (AEI) online “Tax Brain” model is a comprehensive individual income and payroll tax calculator, but more suited to academics and tax experts. Our online TAG Model is aimed at the typical Member of Congress and their staff.
Furthermore, while “Tax Brain” handles individual income tax and payroll tax calculations, our tool would quickly produce a wider array of results, including corporate tax calculations, macroeconomic analysis, and distributional analysis. This combination of accessibility, speed, and analytical capability goes well beyond what is currently offered by any group, including AEI, the Committee for a Responsible Federal Budget, the Penn Wharton Budget Model, and the Joint Committee on Taxation. Based on our discussions with these groups, we anticipate a large demand for this tool, not only from Members of Congress and their staff, but also from experts and interested parties at other think tanks, in academia, in the media, and among the millions of taxpayers trying to understand tax policy.

More detail on the scheduled development of the online TAG Model can be found in the Appendix.

Core Tax Foundation Programs Remain a Top Priority

As important as the Growth and Opportunity Agenda will be this year, it will not detract from the important work of our Center for State Tax Policy and our Center for Global Tax Policy. Indeed, Washington is not the only place where tax debates impact the economy and taxpayers. We have worked very hard over the past two decades to have the capacity to influence tax debates no matter at what level of government they occur.

Bad tax policies spread globally as easily as COVID-19. A good example is the Digital Services Tax that originated in European capitals such as Brussels, London, Madrid, and Paris. One year later, the Maryland state legislature enacted a similar tax aimed at digital companies. Tax Foundation teams work closely to push back on such proposals no matter where they germinate.

The Center for State Tax Policy

2022 will begin our multiyear plan to expand opportunities for workers and promote competition among the states:

- In the post-COVID-19 work environment, people should be free to work where they please. Thus, we aim to eliminate state-level impediments and tax penalties to remote work.

- The tax code should not determine where you die, so we’ve set a long-term goal of eliminating at least five state inheritance and estate taxes.

- We will encourage mobility of people and capital by assisting more than 10 states in reducing either their individual or corporate income tax rates.

- We must provide principled guidance on how to tax emerging markets such as marijuana and online gambling, while fighting bad ideas such as taxes on plastics.
Tax Foundation will continue to do what nobody else can: engage with people where they are. We don’t wait for anyone to come to us—we bring our tax policy research, ideas, and solutions to them.

Included in our 2022 engagement strategy:

- Educating lawmakers on 2022’s top tax issues through our Mobility & Modernization Agenda and by expanding and promoting our new resource page for state lawmakers.

- Meeting with legislators in at least 40 states, either in-person or by Zoom.

- Testifying in 30 states, with an increasing number at the request of Democrat lawmakers.

- Because of our extensive outreach and engagement history, in 2022 we aim to generate 100 requests for simulations of tax policies using our State Business Tax Climate Index by state officials or their staff.

- Meeting with representatives of every state-based State Policy Network group and state taxpayer association.

The Center for Global Tax Policy

2022 will continue our efforts to promote a healthy global economy by combating the Biden administration’s efforts to harmonize global taxes and by partnering with allied think tanks in Europe to advance tax reform in their respective countries.

- Our studies and reports will show how a global minimum tax will retard foreign direct investment (FDI), cross-border capital flows, and economic growth.

- We will continue to show the harmful effects of digital services taxes that are effectively tariffs on digital trade.

- We will use our International Tax Competitiveness Index to help key allies—such as those in Greece, Germany, Spain, and the United Kingdom—influence their government’s tax agenda.

As effective as Tax Foundation is domestically, we cannot combat the Biden administration’s efforts to harmonize global taxes alone. We must have the help of friends and allies abroad who also have a principled interest in rejecting these policies. When we engage with groups overseas, it not only helps in the promotion of our principles, but also allows us insight into policies—such as digital services taxes—that might migrate to the U.S.
Included in our 2022 engagement strategy:

- Arm our allied think tanks with research showing the harmful effects of a global minimum tax and digital services taxes.

- Expand the number of allied think tanks using our *International Tax Competitiveness Index* and Tax Freedom Day to promote pro-growth tax policies in their countries.

- Build new relationships with policymakers in EU institutions and be invited to testify before EU tax committees.
CONCLUSION: Summary and Funding Request

Thanks to contributions from supporters like you, Tax Foundation has sparked pro-growth changes to tax codes at the federal, state, and global levels, improved everyday lives for Americans who want to save and invest, and redefined the standards of economic scoring. There is still time for one more monumental push.

With your partnership in 2022, we can begin to unleash the full force of our comprehensive and proven strategy to set the tax agenda for the 2024 presidential candidates by:

- Identifying and cultivating the next generation of tax policy leaders on Capitol Hill
- Building the case for tax policies that raise incomes, grow the economy, and expand individual liberty
- Democratizing our TAG 2.0 Model
- Raising the TaxIQ of average Americans, policymakers, and journalists
- Inoculating people against progressive rhetoric and misleading talking points

We humbly request you consider giving support today for our general operations, including expansion of our TAG Model and the 2022 launch of our Growth and Opportunity agenda for 2024.
TAG MODEL EXPANSION:  
Plan for Building Out a Web Interactive Cloud-Based Version

2021

Q3
• Planning and research
• Evaluating costs and benefits of options (e.g., benefits include faster simulations, faster setup for new users, better interface accessible through a web browser)
• Selection of AWS cloud services
• Preliminary testing and development of proof-of-concept
• Optimization of the model for the cloud (e.g., speeding up the individual calculator by breaking it up to facilitate parallel processing)

Q4
• AWS training and certification
• Replication of model code development environment
• Development and testing of storage options for model inputs and outputs
• Development and testing of beta versions of two applications
  • Web interface for model users
  • Tool to offload simulations to the cloud

2022

Q1
• Development and testing of containerized solutions (e.g., to avoid problems with particular operating systems)
• User interface improvements (both superficial and functional)
• Testing and feedback from TF modelers
• Search for web developer to help with user interface build-out

Q2
• On-board or contract with web developer to help with build out of the user interface
• User interface improvements including model output graphics and canned reform package simulations
• Testing and feedback from TF modelers
• Documentation
• Development of user login/authentication system for external users and ability to track usage
• Coordination with IRS and AEI Open Source Policy Center on allowable interactives/uses of the Public Use File and experiences with external users
Q3:
• Roll out to limited set of external users (e.g., modelers/experts at the Joint Committee on Tax, Hill offices, Treasury, think tanks, academics, journalists)
• Collection of feedback and improvements to user interface
• Consider tradeoffs in rolling out to a larger user group (e.g., payment model to recoup cloud fees, possible need to rewrite the model in Javascript to run locally) and plan next steps

Q4
• Depending on feedback and discussions to date, potentially begin roll out to broader set of users through the TF website
• May need to begin rewriting the model in Javascript to run locally rather than on the cloud, which could be offered as a “free” version for broad use by the public
• Adjust and update interface to accommodate differing needs of users and different policy proposals

2023
Q1-Q4
• May need to continue rewriting the model in Javascript
• Adjust and update interface to accommodate differing needs of users and different policy proposals
Growth and Opportunity Policy Agenda
2022 Budget

**Modeling and Economic Team:**
- Salaries and Benefits: $980,000
- Overhead/Equipment: $180,000
- Modeling Consultants: $100,000

**TAG Model Web-Expansion:**
- AWS Cloud Migration: $60,000
- Web Developer Services: $50,000

**Communications:**
- Marketing/Social Media/Press: $180,000
- Paid Advertising: $20,000
- Publications: Editing/Layout/Printing: $60,000
- TaxEDU Outreach: $25,000
- Webinars and Podcasts: $18,000

**TOTAL** $1,673,000
## TAX FOUNDATION BUDGET

Approved Tax Foundation Budget for 2022 vs. 2021

### BUDGET CATEGORY

<table>
<thead>
<tr>
<th></th>
<th>PROJECTED TOTALS FOR 2021</th>
<th>APPROVED BUDGET FOR 2022**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and Support</td>
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<tr>
<td>Grants and contributions</td>
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<tr>
<td>Contributions: Individual</td>
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<td>$900,000</td>
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<tr>
<td>Contributions: Corporate</td>
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<td>$2,023,500</td>
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<tr>
<td>Contributions: Foundation</td>
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<td>Total Grants and contributions</td>
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<td>Investment income/(loss)</td>
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<td>Interest and dividends</td>
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<tr>
<td>Unrealized gain on investments</td>
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<td>Total Investment income/(loss)</td>
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<td>Royalties and Other income</td>
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<td>Total Revenue and Support</td>
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<td>Expenses</td>
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<td>Total Salaries and Benefits</td>
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<td>Depreciation and Amortization</td>
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<td>Total Expenses</td>
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<td><strong>Total Change in Net Assets</strong></td>
<td>$418,792</td>
<td>-$519,013</td>
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**The Tax Foundation Board of Directors approved a budget deficit for 2022, drawing down on assets to accommodate one-time investments in rebuilding the website, technology upgrades, and personnel.
Mr. David P. Lewis (Chairman)
Managing Director,
PwC-CEOAction for Racial Equity
PwC
Indianapolis, IN

Mr. James W. Lintott (Treasurer)
Chairman
Sterling Foundation Management, LLC
Reston, VA

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

Mr. Dennis Groth
Owner and Founder
Groth Vineyards and Winery, Oakland, CA
Oakville, CA

Dr. Douglas Holtz-Eakin
President, American Action Forum
Sixth Director of the CBO
Washington, DC

Mr. Stephen Kranz
Partner
McDermott Will & Emery
Washington, DC

Ms. Sarah McGill
Senior Vice President, Tax
PepsiCo, Inc.
Purchase, NY

Ms. Pamela Olson
Consultant, Tax Policy Services
PwC
Arlington, VA

Mr. Tom Roesser
Tax Policy Counsel
Microsoft Corporation
Washington, DC

Mr. Scott Hodge
President
Tax Foundation
Washington, DC
In reply refer to: 075Z483551
June 15, 2018 LTP 5168 C 0
52-1705065 000000 00
00066674
BODC: TE

TAX FOUNDATION
1525 G St NW vso
WASHINGTON DC 20005-Z181

Employer ID number: 52-1703065
Form 990 required- Yes

Dean Taxpayer.

You're responding to your request dated June 6, 2018, about your tax exempt status.

We issued you a determination letter in December 1990, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c7)

We also show you're not a private foundation as defined under IRC Section 5091a because you're described in IRC Sections 5091a II and 170(b)(1)(A)(vi).

Donors' contributions have made you a qualified recipient of tax deductible bequests, legacies, devises, transfers, and gifts under IRC Section 501(c)(3).

In the handling of this letter, we've provided you with an annual report on your return. If you're required to file an annual return, you must file an annual return by the 15th day of the 5th month after the end of your annual accounting period:

Form 990, Return of Non-Exempt Foundation, Form 990EZ, Short Form Return of Exempt Foundation
- Form 990-EZ, Short Form Return of Exempt Foundation
- Form 990-N, Electronic Notice of Return-Exempt Organization
- Form 990-PF, Return of Private Foundation

According the IRC Section 6033E, if you don't file an exempt annual information return or notice on time, we'll revoke your tax-exempt status on the due date of the 3rd return or notice.

You can get IRS forms at www.irs.gov/forms-publics or by calling 800-TAX-FORM C800-B29-3676.

If you have questions, call 877-8Z9-5500 between 8 a.m. and 5 p.m.