October 15, 2024

House Committee on Ways and Means
1139 Longworth House Office Building
Washington, DC 20515

Dear Chairman Smith and Members of the Ways and Means Republican Tax Teams,

Thank you for the opportunity to submit comments on next year's Tax Cuts and Jobs Act (TCJA) expirations. The undersigned individuals represent a diverse array of backgrounds and have various perspectives on federal tax policy, but we share an interest in ensuring Congress addresses TCJA expirations in a fiscally responsible manner in 2025.

Next year will have major consequences for the future of U.S. fiscal policy. The federal debt limit will be reinstated on January 2, 2025, and statutory caps on discretionary spending expire on September 30, 2025.[1] Much of TCJA expires on December 31, 2025, and the Congressional Budget Office recently estimated that extending these provisions would cost nearly $4.6 trillion from fiscal years (FY) 2025 through 2034 (inclusive of debt service effects but exclusive of macroeconomic feedback).[2]

These deadlines set up the risk that Congress will increase the national debt at a time we should be reducing it. We support the policy aims of many of the tax provisions from the TCJA, but we are also concerned with the negative fiscal and economic implications of adding trillions of dollars to the national debt over the next decade. **We encourage you to pair TCJA extensions you choose to make with accompanying offsets in an effort to advance the principles of tax reform without increasing the deficit, and we want to work with you to help achieve that goal**.

The current budget outlook is very different than it was in 2017 when TCJA was enacted.[3] Due to various factors, especially significant and deficit-financed pandemic spending, debt held by the public has ballooned from $15.5 trillion in FY2017, or 78% of GDP, to $27.9 trillion and 97% of GDP today.[4] And due to elevated interest rates and the ever-increasing debt burden, net interest on the debt has soared, more than doubling from 1.4% of GDP in FY2017 to 3.2% of GDP today.[5] These soaring net interest payments crowd out investments that help grow the economy.

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[1] Congress.gov. "H.R.3746 - Fiscal Responsibility Act of 2023." Introduced May 29, 2023. Available at: https://www.congress.gov/bill/118th-congress/house-bill/3746.
[2] Congressional Budget Office. "Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues." May 8, 2024. Available at: https://www.cbo.gov/publication/60114.
[3] Congressional Budget Office, "Budget and Economic Data." Accessed August 2024. Available at: https://www.cbo.gov/data/budget-economic-data.
[4] *Ibid*.
[5] *Ibid*.

We and others have offered an abundance of policy options for lawmakers to consider.[6] What unites us is a shared belief that the U.S. is not currently in a position to increase deficits above current law levels. Next year will be an inflection point for America's fiscal trajectory, and it is incumbent upon policymakers to leverage that moment to chart a new, more responsible course—one that will leave future generations better off by addressing our structural fiscal imbalance.

Thank you for your consideration of our perspectives. We look forward to working with you in the months ahead to address next year's fiscal cliff.

Sincerely,

George Callas, Executive Vice President of Public Finance, Arnold Ventures
Brett Loper, Senior Advisor, Peter G. Peterson Foundation
Margaret Spellings, President & CEO, Bipartisan Policy Center
Maya MacGuineas, President, Committee for a Responsible Federal Budget
Kyle Pomerleau, Senior Fellow, American Enterprise Institute*
Michael Strain, Director of Economic Policy Studies, American Enterprise Institute*
Avik Roy, President, Foundation for Research on Equal Opportunity
Brian Riedl, Senior Fellow, Manhattan Institute*
Lindsay Conrad, Executive Director, Millennial Debt Foundation
William Glass, Communications Director, Millennial Debt Foundation
Steve Ellis, President, Taxpayers for Common Sense

**Note: The signatories above have signed this letter in their individual capacities. Their signatures do not represent the endorsement of the institutions with which they are affiliated.*

CC: The Honorable Ron Wyden, Chairman, Senate Committee on Finance
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance
The Honorable Richard Neal, Ranking Member, House Committee on Ways and Means

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[6] See, for example: Peter G. Peterson Foundation, "Solutions Initiative 2024: Charting a Brighter Future." July 2024. Available at: https://solutions2024.pgpf.org/; Committee for a Responsible Federal Budget, "The CRFB Fiscal Blueprint for Reducing Debt and Inflation," October 26, 2022. Available at: https://www.crfb.org/papers/crfb-fiscal-blueprint-reducing-debt-and-inflation; Kyle Pomerleau and Don Schneider, "Making the Tax Cuts and Jobs Act Permanent: Two Revenue-Neutral, Pro-Growth Options for Tax Reform," American Enterprise Institute, March 25, 2024. Available at: https://www.aei.org/research-products/report/making-the-tax-cuts-and-jobs-act-permanent-two-revenue-neutral-pro-growth-options-for-tax-reform/; and Adam N. Michel, "Slashing Tax Rates and Cutting Loopholes," Cato Institute, June 17, 2024. Available at: https://www.cato.org/policy-analysis/slashing-tax-rates-cutting-loopholes?utm_source=substack&utm_medium=email. Inclusion of these examples does not imply any signatory's endorsement of any particular policy recommendation.