The Growing Consensus to Improve Our Tax Code

By Harry Stein, Alexandra Thornton, and John Craig  September 2014
Introduction and summary

Nearly all Americans agree that the tax code needs improvement, and progressives and conservatives identify many of the same guiding principles when discussing tax reform. This report discusses some aspects of good tax policy that are endorsed on both sides and then identifies specific proposals for which consensus appears to be within reach. These areas of bipartisan agreement would raise revenue by a total of $1.4 trillion over 10 years. Additionally, this report identifies expanding the Earned Income Tax Credit, or EITC, as an opportunity to provide bipartisan tax relief to working families that would cost the federal government $84 billion over 10 years. (see Appendix A)

Unfortunately, rigid anti-tax ideology is preventing Congress from considering and implementing these policies. For example, Americans for Tax Reform, headed by Grover Norquist, demands that candidates and incumbents pledge to oppose any legislation that would increase taxes.1 But if politicians can put this extremism aside, there are opportunities throughout the tax code to make bipartisan improvements based on the principles endorsed by both progressives and conservatives.

The ideas in this report could be implemented individually or as part of a package to advance other pressing economic priorities, such as reversing the damaging, across-the-board sequestration cuts that will otherwise return in full starting in fiscal year 2016.2 Taken together, these tax policies could also lay the foundation for bipartisan comprehensive tax reform, and most of these ideas come from existing tax reform proposals. This report does not endorse any particular comprehensive approach to tax reform and recognizes that the authors of those comprehensive tax reform proposals may have differing views on the appropriate process for accomplishing tax reform.
The goal of comprehensive tax reform should not be used as an excuse to block incremental improvements to raise revenue. But even if anti-tax ideology blocks reasonable steps to raise revenue, Congress can still take limited action to improve the tax code. Some of the consensus ideas that raise revenue could be paired with a bipartisan expansion of the EITC in legislation that would have no net effect on revenue and therefore satisfy Grover Norquist’s Taxpayer Protection Pledge.

As Congress searches for common ground to make our tax code work better for everyone—not just the wealthy and well connected—the ideas in this report provide a good starting point for this discussion.
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