



# Common Sense Cuts for the 114<sup>th</sup> Congress

## Silencing Sequester Scaremongers with \$2 trillion in deficit reduction

Washington policymakers are quick to decry the budget caps put in place by the Budget Control Act of 2011 (BCA), failing to note that Congressional and Presidential inaction on deficit reduction is the reason the caps are in place. Some lawmakers rail against the across-the-board cuts known as sequestration, conveniently ignoring that sequestration is only a process unleashed if lawmakers choose to exceed the spending caps they set. There is no sequestration if Washington makes the tough, but necessary decisions to spend below the caps or alleviate them with tough but common sense choices. Rather than rhetoric and saber-rattling, lawmakers should come up with responsible fiscal solutions including cutting programs that don't work and eliminating tax breaks that persist because of political influence, rather than resorting to creative attempts to avoid budget discipline and promises of future fiscal fidelity.

In his Fiscal Year 2016 budget request the President increased discretionary spending by \$74 billion, blowing past the budget caps. The increase was equally divided between defense and non-defense spending. Not to be outdone, the House and Senate agreed to budget resolutions that technically abided by the caps but only through evasive maneuvers including adding \$38 billion to uncapped Overseas Contingency Operations to increase defense spending. That of course is \$1 billion more than the President proposed for defense spending.

To help Congress and the President come up with fiscally responsible solutions, Taxpayers for Common Sense has drafted **Common Sense Cuts for the 114<sup>th</sup> Congress: Silencing Sequester Scaremongers with \$2 trillion in Deficit Reduction**. That's right, \$2 trillion in deficit reduction over ten years, and to help with the near term, we detail nearly \$270 billion worth of immediate savings in fiscal year 2016 alone. The cuts range from national security programs, energy tax breaks, agriculture policy reforms, and more.

This is not intended to be an exhaustive list of TCS proposals, but rather a sampling of some of the work policymakers should do if they want to responsibly undo some or all of the BCA mandated budget caps. There is no threat of sequestration if Congress and the President do their jobs and craft a better, more fiscally responsible and more credible budget plan.

# Common Sense Cuts for the 114<sup>th</sup> Congress

## Savings: 10-Year | FY 2016

<b>Agriculture</b>	<b>\$ 94.01 billion</b>	\$9.50 billion
<b>Energy</b>	<b>\$139.43 billion</b>	\$13.65 billion
<b>Infrastructure</b>	<b>\$ 4.24 billion</b>	\$0.456 billion
<b>Miscellaneous Government</b>	<b>\$112.13 billion</b>	\$11.04 billion
<b>National Security</b>	<b>\$512.77 billion</b>	\$109.94 billion
<b>Public Lands</b>	<b>\$ 19.51 billion</b>	\$1.94 billion
<b>Tax Expenditures</b>	<b>\$ 1.10 trillion</b>	\$107.51 billion
<b>Transportation</b>	<b>\$ 184.20 billion</b>	\$14.62 billion

**Savings total** **\$2.166 trillion | \$268.65 billion**

## Agriculture

**Ten-Year Savings: \$94.01 billion**  
**One-Year Savings: \$ 9.50 billion**

	<b>10 Year Savings</b>	<b>In FY 2016</b>
	<b>\$(Millions)</b>	<b>\$(Millions)</b>
<b>Eliminate Unnecessary Commodity Supports</b>		
Price Loss Coverage (PLC)	\$25,125	\$1,345
Agriculture Risk Coverage (ARC)	\$16,313	\$2,679
Marketing Loan Benefits	\$2,557	\$240
<b>Reform Federally Subsidized Crop Insurance</b>		
End Subsidies for Harvest Price Option	\$18,906	\$1,665
Reduce Subsidies to Insurance Companies	\$6,694	\$1,338
End Stacked Income Protection Plan (STAX)	\$3,126	\$204
Eliminate Supplemental Coverage Option (SCO)	\$2,579	\$137
<b>Cut Corporate Welfare Programs</b>		
Environmental Quality Incentives Program—CAFOS	\$16,458	\$1,674
Market Access Program	\$1,877	\$178
Foreign Market Development Program	\$348	\$33
Biobased Markets Program	\$30	\$3

# Energy

Ten-Year Savings: \$139.43 billion  
 One-Year Savings: \$ 13.65 billion

	10 Year Savings \$(Millions)	In FY 2016 \$(Millions)
Production Tax Credit	\$32,800	\$3,280
Ending Royalty Relief (Oil)	\$18,252	\$1,621
Excess of Percentage Over Cost Depletion, Oil and Gas	\$14,800	\$1,480
Volumetric Biodiesel Excise and Renewable Biodiesel Tax Credits	\$14,540	\$1,436
Expensing of Exploration and Development Costs, Oil and Gas	\$12,900	\$1,200
DOE Fossil Energy Research and Development Program	\$5,666	\$567
Mixed Oxide - Fissile Materials Dispositions	\$3,643	\$364
Fusion Energy Sciences	\$3,116	\$312
Amortization of Air Pollution Control Facilities	\$3,100	\$400
Biological and Environmental Research - Biological Systems Science	\$3,058	\$306
Modification to Special Rules for Nuclear Decommissioning Costs	\$2,900	\$200
Excess of Percentage Over Cost Depletion, Other Fuels and Coal	\$2,600	\$260
Non-Defense Environmental Cleanup	\$2,389	\$239
Department of Energy Bioenergy Technologies	\$2,286	\$229
Tax Credits for New Plug-in Electric Drive Motor Vehicles	\$2,200	\$220
Credit for Investment in Clean Coal Facilities	\$2,000	\$200
Fuel Cycle Research and Development	\$1,916	\$192
Amortization of Geological and Geophysical Expenditures, Oil & Gas	\$1,400	\$140
Ending Royalty Relief (Natural Gas)	\$1,370	\$136
Exemption from Bond Arbitrage Rules for Natural Gas	\$1,317	\$42
Reactor Concepts Research and Development	\$1,229	\$123
Natural Gas Distribution Lines	\$1,100	\$200
Expensing of Exploration and Development Costs, Other Fuels/Coal	\$1,000	\$100
Nuclear Energy Enabling Technologies	\$861	\$86
Capital Gains Treatment for Royalties on Coal	\$797	\$31
Rural Energy for America Program (REAP)	\$524	\$52
Alternative Fuel Vehicle Refueling Property Credit	\$380	\$38
Industrial CO2 Capture and Sequestration Tax Credit	\$380	\$110
Biomass Crop Assistance Program	\$240	\$24
Passive Loss Exemption for Oil and Gas	\$239	\$22
DOE Fuels and Lubricant Technologies program	\$180	\$18
Gains from Industrial Source CO <sub>2</sub> as Qualifying Income for Publicly Traded Partnerships	\$121	\$7
Expensing of Tertiary Injectants	\$57	\$7
Department of Agriculture Biomass Research and Development	\$30	\$3
Repowering Assistance Program	\$24	\$2
Biodiesel Fuel Education Program	\$10	\$1

## Infrastructure

Ten-Year Savings: \$4.24 billion  
One-Year Savings: \$456 million

	<b>10 Year Savings</b> \$(Millions)	<b>In FY 2016</b> \$(Millions)
Require Users to Cover 50% of O&M on the Inland Waterways	\$3,000	\$300
Army Corps of Engineers Environmental Infrastructure Program	\$470	\$47
Army Corps of Engineers Beach Replenishment	\$450	\$45
Follow Standard Cost Share for Olmsted Locks and Dam	\$308	\$63
Eliminate the Inland Waterways Users Board	\$8.6	\$0.86

## Miscellaneous

Ten-Year Savings: \$112.13 billion  
One-Year Savings: \$ 11.04 billion

	<b>10 Year Savings</b> \$(Millions)	<b>In FY 2016</b> \$(Millions)
Last in, First Out Accounting	\$111,853	\$11,014
Respect Barge Fuel Tax Increase as Offset in H.R. 647, ABLE Act of 2014	\$273	\$27

## National Security

Ten-Year Savings: \$512.77 billion  
One-Year Savings: \$109.94 billion

	<b>10 Year Savings</b> \$(Millions)	<b>In FY 2016</b> \$(Millions)
Eliminate the Overseas Contingency Operations Account	\$339,000	\$96,000
Cancel the F-35	\$51,600	\$4,800
TRICARE for Life: Introduce Minimum Out of Pocket expenses	\$39,700	\$2,500
Cancel Next Generation Bomber	\$32,400	\$379
Eliminate Taxpayer Funded Commissaries	\$14,000	\$1,400
Cancel Littoral Combat Ship	\$12,071	\$1,696
Reduce Carriers and Airwings by 1 each	\$9,700	\$970
Cancel the Building of the Uranium Processing Facility	\$6,500	\$355
Cancel the V-22	\$4,856	\$1,400
Cost-share B61 Bomb Life Extension with NATO Allies	\$1,746	\$321
End Unrequested M-1 Abrams Upgrades	\$1,200	\$120

**Public Lands**      **Ten-Year Savings: \$19.51 billion**  
**One-Year Savings: \$ 1.94 billion**

	<b>10 Year Savings</b> \$(Millions)	<b>In FY 2016</b> \$(Millions)
Special Tax Treatment for Qualified Timber Gain	\$5,000	\$500
Forest Products (Within Integrated Resource Restoration)	\$3,391	\$339
Expensing of Timber Growing Costs	\$3,000	\$300
Amortization and Expensing of Reforestation Expenditures	\$2,400	\$240
1872 Mining Law Reform (12% royalty and collection of fees)	\$1,200	\$120
Wildlife Services Program	\$1,075	\$108
Percentage Depletion Nonfuel Minerals	\$1,000	\$100
Expensing of Exploration and Development Costs, Nonfuel Minerals	\$1,000	\$100
Reduce Funding for Money-Losing Timber Sales	\$690	\$69
Special Rules for Mining Reclamation Reserves	\$400	\$40
Use State Formulas to Set Grazing Fees	\$257	\$14
Bureau of Land Management Public Domain Forest Management	\$98	\$10

**Tax Expenditures**      **Ten-Year Savings: \$ 1.10 trillion**  
**One-Year Savings: \$107.51 billion**

	<b>10 Year Savings</b> \$(Millions)	<b>In FY 2016</b> \$(Millions)
Bonus Depreciation	\$452,700	\$45,270
Modify the Mortgage Interest Deduction	\$252,900	\$17,400
Deduction of income attributable to domestic production (corporate)	\$135,600	\$13,200
Section 179 Full Price Expensing	\$116,380	\$11,638
Foreign Tax Credit (Pooling and Dual)	\$109,867	\$16,748
Deduction of State and Local General Sales Tax	\$29,240	\$2,924
Special Expensing Rules for U.S. Film and Television Productions	\$2,450	\$245
Extension of Classification of Certain Race Horses as 3-year property	\$740	\$74
Seven Year Straight Line Cost Recovery Period for Motorsports	\$110	\$11
Entertainment Complexes		

**Transportation**      **Ten-Year Savings: \$184.2 billion**  
**One-Year Savings: \$14.62 billion**

	<b>10 Year Savings</b> \$(Millions)	<b>In FY 2016</b> \$(Millions)
General Revenue Transfers to Highway Trust Fund (Highway )	\$125,000	\$10,000
General Revenue Transfers to Highway Trust Fund (Transit)	\$43,000	\$3,000
General Revenue Funds for Federal Aviation Administration	\$13,700	\$1,370
Essential Air Service Program	\$2,500	\$250



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