



Real Savings, Real Deficit Reduction

Relieving Budget Caps with Common Sense Savings in Fiscal Year 2014

The evening of December 10, 2013 House and Senate Budget Committee Chairs Ryan (R-WI) and Murray (D-WA) called a press conference to unveil the Bipartisan Budget Act of 2013. The bill is intended to relieve some of the impacts of the budget caps set by the Budget Control Act of 2011 (BCA) after the so-called Super Committee failed to deliver any deficit reduction.

The package includes ten years' worth of deficit reducers that range from increased Transportation Security Administration fees to increased pension contributions from new federal employees to extending BCA-mandated reductions in Medicare provider payments for two more years. All told, the deficit reduction totals \$85 billion, \$63 billion of which is used to increase spending levels in fiscal year 2014 and 2015. While the increased spending falls in the first two years of the ten year package, the bulk (55%) of the deficit reduction measures wouldn't occur until the last two years of the deal – in 2022 and 2023. To put that in perspective, those cuts would occur partway through the second term of the next President.

Taxpayers for Common Sense believes that the only way to address our long-term fiscal challenges is to make hard, but common sense choices – including cutting programs that don't work and eliminating tax breaks that persist because of political influence. Relying on accounting tricks and savings that may never occur does not bring us closer to a more sustainable fiscal future. So, following up on our deficit reducing reports *Super Cuts for the Super Committee* (2011), *Sliding Past Sequestration* (2012), and *Common Sense Proposal to Rappel the Fiscal Cliff* (2012), TCS is releasing ***Real Savings, Real Deficit Reduction: Relieving Budget Caps with Common Sense Savings in Fiscal Year 2014.***

The Real Savings report includes proposals totaling **\$100 billion worth of deficit reduction in one year.** This includes discretionary spending cuts, changes in mandatory spending, and repeal or modification of some tax expenditures. This is not intended to be an exhaustive list of TCS proposals, but rather a sampling of some of the work the Budget Committees should have done if they wanted to undo some or all of the BCA mandated budget caps.

TCS urges lawmakers to come up with a better, more fiscally responsible and more credible budget plan.

Alternative Real Savings in Fiscal Year 2014

Agriculture	\$ 11.55 billion
Energy	\$ 12.48 billion
Infrastructure	\$.60 billion
Miscellaneous Government	\$ 4.06 billion
National Security	\$ 17.20 billion
Public Lands	\$ 1.84 billion
Tax Expenditures	\$ 31.10 billion
Transportation	\$ 21.42 billion
Savings total	\$100.25 billion

Agriculture One-Year Savings: \$11.55 billion

	Savings (millions)
Reform the Federal Crop Insurance Program	\$4,777
Eliminate Commodity Crop Subsidies	\$4,708
Eliminate Environmental Quality Incentives Program	\$1,622
Eliminate Market Access Program	\$200
End Brazilian Cotton Institute Payments	\$147
Implement P.L. 480 Title II Food Aid Reforms	\$50
Eliminate Foreign Market Development Program	\$35
Eliminate Feedstock Flexibility Program (USDA Sugar-for-Ethanol Program)	\$11

	Savings (millions)
Wind Production Tax Credit	\$1,540
Ending Royalty Relief (Oil)	\$1,467
Volumetric Biodiesel Excise Tax Credit and Renewable Biodiesel Tax Credit	\$1,437
Expensing of Exploration and Development Costs, Oil and Gas (Includes Intangible Drilling Costs)	\$1,200
Excess of Percentage Over Cost Depletion, Oil and Gas	\$1,140
FutureGen 2.0	\$1,000
Election to Expense 50 Percent of Qualified Property Used to Refine Liquid Fuels (Oil Shale and Tar Sands Refineries)	\$700
Department of Energy Fossil Energy Research and Development Program	\$603
Department of Energy Fusion Energy Sciences Program	\$414
Amortization for Certain Pollution Control Facilities	\$400
Biological and Environmental Research - Biological Systems Science	\$315
Open Loop Biomass Tax Credit	\$300
Non-Defense Environmental Cleanup	\$245
Credit for Investment in Clean Coal Facilities	\$240
Department of Energy Biomass and Biorefinery R&D	\$210
Excess of Percentage Over Cost Depletion, Other Fuels (Including Coal)	\$200
Fuel Cycle Research and Development	\$162
Ending Royalty Relief (Natural Gas)	\$160
Natural Gas Distribution Lines Depreciation Recovery	\$140
Department of Energy Reactor Concepts Research and Development Program	\$116
Expensing of Exploration and Development Costs, Other Fuels (Including Coal)	\$100
Nuclear Energy Enabling Technologies Program	\$75
Bioenergy Program for Advanced Biofuels	\$65
Alternative Fuel Vehicle Refueling Property Credit	\$60
Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Resources Research & Development*	\$50*
Industrial CO2 Capture and Sequestration Tax Credit	\$43
Rural Energy for America Program (REAP)	\$26
Department of Energy Fuels and Lubricant Technologies Program	\$21
Credit for Alternative Technology Vehicles	\$20
Biomass Crop Assistance Program	\$15
Credit for Alternative Fuel Mixtures	\$10
Exemption from Bond Arbitrage Rules for Natural Gas	\$10

**This is included in the Bipartisan Budget Act of 2013*

Infrastructure**One-Year Savings: \$0.60 billion**

	Savings (millions)
50 percent Users Cost-Share for Operations and Maintenance on Inland Waterways	\$300
End Army Corps of Engineers Environmental Infrastructure Program	\$130
End Army Corps of Engineers Beach Replenishment Projects	\$93
Stop Barge Industry Bailout at Olmsted Locks and Dam	\$77
Disband Inland Waterways Users Board	\$0.86

Miscellaneous**One-Year Savings: \$ 4.06 billion**

	Savings (millions)
End Last in, First Out Accounting	\$4,059

National Security**One-Year Savings: \$17.20 billion**

	Savings (millions)
Modernize the Tricare Fee Schedule	\$6,400
Cancel the F-35 and Purchase Existing Aircraft	\$4,676
Cancel the Littoral Combat Ship	\$1,793
Eliminate Commissaries	\$1,400
Freeze Development of Ground-Based Missile Defense (GMD)	\$1,000
Cancel Future Satellites of the Space-Based Infrared System	\$583
Defer Development of Next Generation Bomber	\$379
Cut Aircraft Carriers from 11 to 10 and Navy Wings from 10 to 9	\$330
Cancel the Building of the Uranium Processing Facility	\$326
Stop Additional Funding for the M1 Tank	\$178
Don't Modernize B61 Nuclear Weapons in Europe	\$107
Downblend More Highly Enriched Uranium and Sell as Low Enriched Uranium	\$25

Public Lands**One-Year Savings: \$1.84 billion**

	Savings (millions)
Special Tax Treatment for Qualified Timber Gain	\$500
Forest Products (Within Integrated Resource Restoration)	\$336
Expensing of Timber Growing Costs	\$260
Amortization and Expensing of Reforestation Expenditures	\$200
1872 Mining Law Reform (royalty payment of 12% and collection of fees)	\$120
Percentage Depletion Nonfuel Minerals	\$100
Expensing of Exploration and Development Costs, Nonfuel Minerals	\$100
Wildlife Services Program (formerly called the Livestock Protection Program)	\$91
Money Losing Timber Sales	\$57
Special Rules for Mining Reclamation Reserves	\$40
Forest Service Timber Salvage Fund	\$20
Bureau of Land Management Public Domain Forestry	\$10
Use State Formulas to Set Grazing Fees	\$8
Timber Purchaser Election Road Construction	\$2

Tax Expenditures**One-Year Savings: \$ 31.1 billion**

	Savings (millions)
Deduction for Income Attributable to Domestic Production (corporations only)	\$10,600
Modify Mortgage Interest Deduction	\$7,400
Credit for Increasing Research Activities	\$5,500
Foreign Tax Credit (Pooling and Dual)	\$3,566
Deduction of State and Local General Sales Tax	\$2,859
Tax Credits for New Plug-in Electric Drive Motor Vehicles	\$640
Special Expensing Rules for U.S. Film and Television Productions	\$266
Enhanced Charitable Deduction for Contributions of Food Inventory	\$218
Seven Year Straight Line Cost Recovery Period for Motorsports Entertainment Complexes	\$46

Transportation **One-Year Savings: \$ 21.42 billion**

	Savings (millions)
General Revenue Transfers to Highway Trust Fund	\$12,000
General Revenue Transfers to Airport and Airway Trust Fund	\$4,970
Advanced Technology Vehicles Manufacturing Program	\$4,236
Essential Air Service (EAS) Program	\$218



For more information:

Ryan Alexander, *President*, ryan@taxpayer.net

Steve Ellis, *Vice President*, steve@taxpayer.net

651 Pennsylvania Avenue, SE, Washington, DC 20003
202-546-8500 • www.taxpayer.net