RECOMMENDED BUDGET CUTS

for the 112th Congress and the Select Committee on Deficit and Reduction

10 Year Savings

TOTAL CUTS: $900 BILLION

The time for Congress to begin a serious discussion about how it is going to correct the current budgetary path into deeper and deeper debt, is past. Now is the time for action.

We believe the programs listed here – whether funded through appropriations or the tax code – can be safely eliminated from the budget because they are an inefficient, ineffective, or wasteful use of taxpayer money. By simply adopting these common sense recommendations, the Joint Select Committee on Deficit Reduction will be nearly two-thirds of the way toward the goal of $1.5 trillion in deficit reduction over the next ten years even before considering entitlement program reform or other spending cuts and revenue raisers.

BUDGET CATEGORIES

Agriculture	**$110 billion**
Energy	**$42 billion**
General Government	**$0.42 billion**
Infrastructure	**$6 billion**
National Security	**$95 billion**
Tax Expenditures	**$624 billion**
Transportation	**$18 billion**

Note: In most cases the calculations are based on savings over a ten-year window or over the life of the project. Due to the difficulty of collecting comprehensive and detailed cost breakouts for many of the suggested cuts, these numbers are representations of final savings.

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Agriculture

Total Cuts: $110 billion

Volumetric Ethanol Excise Tax Credit (VEETC)

Cut: $66 billion

VEETC is the largest direct subsidy to corn ethanol. The tax credit was created more than 30 years ago in response to U.S. oil shortages. VEETC exempts the ethanol portion of gasoline blends from gasoline excise taxes and establishes a tax credit for ethanol use. This massive subsidy does not go to family corn farmers or even agro-businesses or ethanol producers. Instead, the benefits go almost entirely to oil companies, such as Shell Oil, that blend the ethanol with traditional fuel. Currently worth 45 cents per gallon of ethanol blended with gasoline, eliminating VEETC could save taxpayers more than $66 billion.

Market Access Program

Cut: $2 billion

The Market Access Program should be cut entirely. Since its inception more than two decades ago, the Market Access Program has spent $3.4 billion of taxpayer money subsidizing ad campaigns for corporations like McDonalds, Nabisco, Fruit of the Loom, and Mars.

Commodity Crops

Cut: $42 billion

Rather than subsidizing the bulk of foods commonly seen on grocery shelves, a majority of government subsidies are provided to a handful of commodity crops, and the majority of these subsidies flow only to corporate farms. Corn, cotton, wheat, rice, and soybeans rack up 90 percent of the commodity crop subsidies, while fruit, vegetable and nut producers are left picking the scraps. These subsidies end up as windfall profits for the wealthiest and largest agro-corporations, crowd out funding for agriculture related conservation programs, and do little for rural development or the struggling family farm. Because of high commodity prices the “counter-cyclical” payments – intended to support farmers when prices are low – are virtually non-existent. The vast majority of the subsidies are for so-called direct payments, which are based on historical plantings and simply line the pockets of big agriculture without any strings attached. According to the USDA, “Fixed direct payments are not tied to current production or prices and do not require any commodity production on the land.” Reducing commodity crop subsidies by 80 percent could save taxpayers nearly $42 billion over the next ten years.

Note: Figures from USDA Commodity Estimates Book, FY2012 President’s Budget, U.S. Energy Information Administration.

Energy

Total Cuts: $42 billion

Ultra-deepwater and Unconventional Natural Gas and other Petroleum Resources R&D

Cut: $190 million

This program was meant to encourage the development of technology to tap hard to reach oil reserves far off the coast. However, spending was encouraged by a handful of politicians and has been directed toward a select few oil and gas companies. Title IX, Subtitle J of the Energy Policy Act of 2005 creates a program in the Department of for "research, development, demonstration, and commercial application of technologies for ultra-deepwater and unconventional natural gas and other petroleum resource exploration and production." The program is funded through 2017. According to the National Energy Technology Laboratory (NETL), 32.5% of the funding is spent on unconventional oil and gas exploration, 35% is spent on ultra-deepwater architecture, 25% is spent on complimentary research, and 7.5% is spent addressing technology challenges of small producers.

Expensing of Exploration and Development Costs

Cut: $270 million

At a time when energy companies are making significant profits, they don't need incentives to look for more opportunities – they already have all the incentive they need. Coal companies can expense 70% of their costs from surface strip mining exploration and development and amortize the remaining 30% over five years. Expensing of mine development was established in 1951 and expensing of mine exploration in 1966.

Percentage Depletion Allowance (Gas & Oil) (Excess of percentage of cost depletion)

Cut: $10.8 billion

Enacted in 1926, the Percentage Depletion Allowance permits 27.5% of revenue to be deducted for the cost of the depletion of the mineral deposit. The percentage depletion allowance is a tax break given to independent oil and gas producers and can exceed capital costs. When such producers are raking in billions in profit on a yearly basis, there's no need to continue this ridiculous credit.

Percentage Depletion Allowance (Coal)

Cut: $1.3 billion

Often dubbed a "reverse royalty," PDA deductions typically exceed capital investment, which means the federal government essentially pays hardrock companies to mine on public lands. Meant to encourage mining, the percentage depletion allowance allows companies to recoup the costs of investment by offering a tax credit for as long as the site generates income. The percentage depletion allowance permits a company to deduct a fixed percentage from gross income according to the mineral extracted, ranging from 22% for uranium to 15% for silver and other hardrock minerals.

Capital Gains Treatment for Royalties on Coal

Cut: $630 million

Established by the 1951 Revenue Act, this modification to the tax code allows coal companies to declare income received from royalties as capital gains, allowing them to pay lower tax rates. In a year when top coal

companies are making billions in profits, taxpayers shouldn't be giving them even more money. (It is not possible to take advantage of both this provision and the percentage depletion allowance.)

Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels

Cut: $2.3 billion

Established by the American Jobs Creation Act of 2004, coal companies are currently able to deduct up to 9% of the cost of domestic manufacturing activities from income taxes. By cutting this item, it puts a stop to continued subsidization of hugely profitable energy companies.

Intangible Drilling Costs (Expensing of exploration and development costs)

Cut: $8.3 billion

The expensing of exploration and development costs means billions of dollars for oil and gas companies that are making huge profits on the backs of taxpayers. Created in 1916, intangible drilling costs (IDCs) include all expenditures made for wages, fuel, repairs, hauling, supplies, etc that are incident to the drilling of wells and the preparation of wells for the production of oil and gas. While most costs that bring future benefits must be capitalized according to the Internal Revenue Code, IDCs are an exception that can be expensed in the period the costs are incurred. Special rules are provided for intangible drilling and development costs so that these costs can either be expensed (current deduction) or capitalized (current law). When the decision is made to "expense" the IDCs, the taxpayer deducts the amount of the IDCs as an expense in the taxable year the cost is paid or incurred. If the IDCs are capitalized, they are generally recovered through either depreciation or depletion. Both alternatives lead to substantial tax benefits for the oil and gas industries.

Manufacturing Tax Deduction for Oil and Gas Companies (IRC Sec 199)

Cut: $15.9 billion

This subsidy to Big Oil was targeted for elimination in the President's FY2012 budget and its repeal would save taxpayers billions. The domestic production deduction benefits oil and gas companies to the extent that their products are "manufactured, produced, or extracted in whole or in significant part in the United States." The deduction was 3% of income for 2006, rising to 6% between 2007 and 2009, and 9% thereafter; it is subject to a limit of 50% of the wages paid that are allocable to domestic production during the taxable year. This was enacted under the American Jobs Creation Act of 2004 and is now part of IRC Section 199.

Geological and Geophysical Amortization

Cut: $1 billion

There's no need to continue to have the taxpayer subsidize energy companies to look for oil and gas deposits when these companies can use their own massive profits to look for themselves. Included in the 2005 Energy bill and modified in the Tax Increase Prevention and Reconciliation Act of 2005, this tax credit allows oil and gas companies to deduct these costs over several years.

FutureGen

Cut: $1.3 billion

The Department of Energy's (DOE) FutureGen project is a large federal initiative to finance and construct a "clean coal" facility in Matoon, Illinois. For more than 7 years, the massive plant has been politically controversial, and increasing

costs led the Bush Administration to cancel the project in 2008. Yet project proponents, led by Illinois lawmakers, quickly revived plans for the mega-facility upon Bush's departure. Although project costs continue to soar and clean coal technology remains elusive, taxpayer subsidies continue to flow to FutureGen.

End Title XVII Loan Guarantee Program

The Department of Energy (DOE) Loan Guarantee Program was created to provide loan guarantees for innovative emerging energy technologies, yet mature industries like coal and nuclear are eligible as well. More than $50 billion in taxpayer backed loan guarantee authority is available. There are several major taxpayer problems with the program: the massive scope and uncertain costs; high default rates and low recovery rates on capital intensive projects, like nuclear reactors; the weakening of taxpayer rights in the event of default; and the unclear administration of loans. In addition to the loan guarantee authority, the DOE also received $4 billion in appropriated funds to pay the credit subsidy costs for renewable energy, energy efficiency, and electric power transmission projects in the 2009 Stimulus.

Note: Figures from the Joint Committee on Taxation estimates, FY2012 Budget of the U.S. Government.

Infrastructure

Total Cuts: $6 billion

Upper Mississippi River Navigation Locks Project

Cut: $ 2.1 billion

Despite continued decreases in barge traffic, cost-overruns, and a history of wildly exaggerated economic assumptions, the Army Corps of Engineers seeks to spend billions constructing new and enlarged navigation locks on the Upper Mississippi River-Illinois Waterway. The Mississippi River-Illinois Waterway Navigation Expansion Project is mainly just a fix for occasional barge transportation delays that occur at river locks during high traffic times. The Corps of claims that seven brand new, longer locks, at the low, low price of more than $2 billion, will solve our rush hour problem and also prepare for a ridiculously optimistic increase in barge transportation on these waterways. In 2000, the U.S. Army Inspector General found that Corps economists were ordered to exaggerate the demand for future barge traffic, and several Corps officials were slapped on the wrist. In addition, the National Academy of Sciences has consistently criticized the Corps' plans to build the new locks, saying that the Corps should pursue cheaper measures like scheduling, tradable lockage fees, and helper boats, before even contemplating spending money on new or expanded locks. By implementing these alternative solutions taxpayers could get improved efficiency of the Upper Mississippi River-Illinois Waterway at a fraction of the cost.

Environmental Infrastructure

Cut: $1.4 billion

The Army Corps of Engineers' Environmental Infrastructure program duplicates and undermines other more cost-effective and accountable governmental programs. Under this program, Congress designates a state, city, or

county for environmental infrastructure funding, which includes municipal water supply, drinking water treatment, and wastewater treatment projects. Congress then provides grants for 65% of the costs for unspecified water projects in these areas with no strings attached. The necessity, value, and effectiveness of these projects is difficult to determine because they are not subject to standard economic analyses. The water projects funded under this program are not the legislated primary mission areas for the Corps (navigation, flood and storm damage reduction, and environmental restoration), but instead directly compete with those missions for limited funding.

Inner Harbor Navigation Canal (Industrial Canal) Lock Replacement Project – New Orleans

Cut: $ 1.1 billion

The Industrial Canal is a manmade waterway running through New Orleans that connects the Mississippi River and the Gulf Intracoastal Waterway. For years Congressional representatives from Louisiana have earmarked federal funds to continue the Army Corps of Engineers' efforts to replace the existing lock with a longer, deeper lock suitable for ocean-going vessels. This in spite of the fact that increased barge traffic and traffic delays predicted by the Corps have not only failed to materialize, but traffic has actually decreased. In addition the original Corps economic analysis found the deep draft lock was not the most economically beneficial project for the lock, but recommended it be constructed because of the willingness of the Port of New Orleans to shoulder a higher share of the costs. The Port has since pulled out of this agreement, leaving federal taxpayers holding the bill.

Dare County Beaches, North Carolina (Bodie Island Portion)

Cut: $830 million

The Dare County Beaches project would pump sand to maintain a 14.1 mile stretch of beach in North Carolina's Outer banks for fifty years. This project costs more than $1.6 billion, with approximately $94 million in initial construction and more than $1.5 billion in "future nourishment" activities = pumping of sand onto the beach after waves inevitably remove it. More than half of the cost will be borne by federal taxpayers.

Delaware River Deepening Project – New Jersey and Delaware

Cut: $230 million

Despite opposition from the states of Delaware and New Jersey, the Army Corps of Engineers continues to pursue the uneconomical deepening of the Delaware River's main channel. The project, which would increase the River's depth to 45 feet from 40 feet for 105 miles, is intended to attract deeper draft cargo ships. In reality the ships aren't going to come and the reduced transportation costs for a handful of oil refineries does not offset the heavy price tag of the project. The Government Accountability Office (GAO) has repeatedly criticized the Corps' economic assumptions underlying this project.

Dallas Floodway Extension

Cut: $ 160 million

Neighboring the Fort-Worth Central City project (below), the *Dallas Floodway Extension, Trinity River Project* is a Corps flood control project on the Trinity River. Under this project the Corps seeks to extend existing levees while cutting a 600-foot wide swath (swale) through the Great Trinity Forest. The project's principal economic justification is increased flood control for

downtown Dallas. Yet, most of these benefits could be obtained for a fraction of the project cost by simply raising one of the existing Dallas levees and conducting a voluntary buyout in flood prone neighborhoods. This would provide the most effective flood protection for the area, with dramatically less impact to the floodplain.

Grand Prairie Area Demonstration Project – Arkansas

Cut: $110 million

The Grand Prairie Area Demonstration Project is a subsidized pump to provide subsidized water to grow subsidized crops and would be a first-step by the Corps of Engineers into the agriculture irrigation business. A century of unsustainable irrigation for rice farming in eastern Arkansas has left the area's main irrigation aquifer severely depleted and is now threatening the region's deeper drinking water aquifer. Rather than promoting proven efficiency and conservation techniques on the area's farms, the Corps of Engineers proposes building a pumping station and 650-mile long canal and pipeline system to draw water from the White River.

Fort Worth Central City Project - Texas

Cut: $81 million

The Central City project is just one portion of a larger project know as the Trinity River Vision, the total cost of which has increased to nearly $1 billion. The Central City Project is an Army Corps of Engineers flood control effort to reroute the Trinity River in Fort Worth, Texas through construction of a new dam, a 1.5 mile long bypass channel, and numerous flood gates in order to create an urban waterfront community. The Army Corps of Engineers is slated to pick up $110 million of the $435 million Central City tab, with other federal and local taxpayer sources making up the rest. The Corps should better utilize its flood control dollars, rather than spending millions on speculative development.

St. Johns Bayou/New Madrid Floodway Project - Missouri

Cut: $ 80 million*

Any notion the *St. Johns/New Madrid Floodway* project was a good idea was washed away when the Corps responded to record flood heights threatening Cairo, Illinois by blasting the Birds Point levee on May 2, 2011, sending the Mississippi River cascading down the 130,000 acre natural floodway. The New Madrid Floodway is one of the last remaining natural floodways on the river, yet for years the Corps has sought to build levees and pumping stations to cut it off from the river. This flood protection project would actually increase flooding risks while inducing development in the floodway; costing taxpayers millions more in damages the next time the floodway is operated.

**Cut number is the balance necessary to complete the pumping station feature and the full cost of the levee closure feature.*

***Note**: Figures are the balance needed to complete the projects according to resources produced by U.S. Army Corps of Engineers – Headquarters, U.S. Army Corps of Engineers – Fort Worth District, U.S. Army Corps of Engineers – Memphis District, , Corps of Engineers – New Orleans District, , U.S. Army Corps of Engineers – Philadelphia District, U.S. Army Corps of Engineers – Wilmington District, Nicollet Island Coalition*

National Security

Total Cuts: $ 95 billion

Freeze Development of the Ground-Based Missile Defense (GMD)

Cut: $8 billion

Several GMD (missile defense) technologies remain unproven or were tested under only highly managed conditions. CBO has suggested eliminating phases of the GMD program that would expand missile interceptors in Alaska and establish new ones in Europe until current systems are proven. This would still permit development of interceptors to protect the U.S. against missiles from Iran and North Korea, the main concern of the GMD program.

Freeze Development of Over-Budget Military Space Programs

Cut: $11.3 billion

Military space programs have a poor record of endemic cost and schedule overruns. The Space-Based Infrared System (SBIRS), intended to provide initial warning of a ballistic missile attack, is a classic example. Space development needs to adopt a "distributed architecture" approach that fields many smaller, cheaper satellites instead of mega-satellites like SBIRS. For that reason, the SBIRS program should be truncated after the current Block 4 development for a savings of $2.1 billion. DoD has already stopped its involvement in another huge satellite system, the National Polar-Orbiting Environmental Space system (NPOESS), allowing DoD to eliminate the C-1 spacecraft platform used for the system's afternoon orbit for a savings of $1.7 billion, as noted by a Taxpayers for Common Sense report. Finally, terminating the Precision Tracking Space System (PTSS) because of redundancy with other missile defense and space programs would save $7.5 billion, according to the CBO.

Defer Development of Next-Generation Bomber

Cut: $3.7 billion

The DoD announced plans last year to begin developing a "next-generation" bomber aircraft to replace the Air Force's B-52, B-1, and B-2 planes, which drop both nuclear and conventional bombs. The bomber is projected to cost at least $55 billion over its lifetime, including development. The DoD claims that development needs to start now even though the B-52 will be operational until 2040 and the B-2 is undergoing continuous upgrades. In fact, Obama administration canceled a bomber program just last year, criticizing the original gold-plated design as unaffordable and pointing out that the current fleet was performing well and could meet foreseeable challenges with ongoing upgrades. CBO warned that the DoD's weapons acquisition program, including the future bomber fleet, was in danger of breaking the military's bank. Deferring development of costly next-generation weapons saves money and is low risk because of the robust nuclear delivery capabilities that will be available for several decades. The DoD estimates spending approximately $3.7 billion on the new bomber from FY 2012 to FY 2016. (Savings would likely be greater, but we do not have estimates beyond FY 2016.)

Production of V-22 Osprey

Cut: $12 billion

Procurement of V-22s should stop when the current multi-year procurement contract ends in FY 2012. As both the Fiscal Commission and the Sustainable Defense Task Force have noted, the 170 scheduled to be procured beyond that can be replaced by MH-60 or CH-53 helicopters, which would save approximately $12 billion in procurement and operating costs. The V-22 is simply neither cost- nor operationally effective. Each V-22 costs $122 million to build, and this cost has not translated into operational effectiveness. According to the Government

Accountability Office (GAO), the V-22 costs over $11,000 per hour to fly and had a full mission capability (FMC) rate of just 6 percent in Iraq.

Reform TRICARE

Cut: $60 billion

Healthcare consumes more than 8 percent of all DoD spending and is projected to explode in coming decades. Yet TRICARE premiums haven't risen in a decade. Every recent attempt by DoD to increase premiums or co-pays has been shot down by Congress and veterans' groups. Still, many fully employed military retirees opt for TRICARE over employer-provided care, which amounts to a government subsidy for employers. Reforming this system along the lines suggested by the Quadrennial Review of Military Compensation, a plan endorsed by former Defense Secretary Robert Gates, could save more than $60 billion, based on estimates from the *Report of the Sustainable Defense Task Force*. The changes would mostly affect those ex-service personnel between the ages of 38 and 65 with other health insurance options available.

Achieved Cuts:

The following National Security savings suggestions included in previous TCS cuts lists were implemented by Congress.

Total Achieved Savings: $7 billion

Expeditionary Fighting Vehicle

Savings: $4 billion

The EFV was developed years ago to replace the Marines' current amphibious assault vehicle, but the program's cost and mission came into question during its development. The EFV unit cost more than doubled to $24 million, while the U.S. hasn't stormed a beach in nearly half a century. Several observers recommended DOD cancel the program, including the Simpson-Bowles commission, and DOD pulled the plug on it last fall.

Production of the Alternate Engine (F136) for the Joint Strike Fighter (F-35)

Savings: $3 billion

The Defense Department (DOD) has put all its resources into the Joint Strike Fighter, decreeing it our next-generation fighter aircraft. At the same time, DOD fought Congressional efforts to build an alternate engine for the plane, saying it would waste money by slowing development without generating savings. An amendment eliminated money for the program from the FY11 spending bill, and DOD formally ended the program in April. An amendment to the FY12 bill would allow the program to stay alive on the contractor's dime, but that initiative is not expected to survive conference.

Note: *Figures from the Congressional Budget Office's annual budget options analyses, studies by the Center for Strategic and Budgetary Assessments, reports by the Government Accountability Office and Congressional Research Service, or agency annual budget justification documents.*

Tax Expenditures

Total Cuts: $624 billion

Mortgage Interest Deduction

Cut: $390 billion

The mortgage interest deduction enables homeowners to effectively deduct interest from up to $1.1 million in debt used to buy, build, or improve their primary or second home. The Congressional Budget Office detailed a budget option that would, beginning in 2013, reduce the maximum mortgage eligible for the deduction by $100,000 annually through. This option would also convert the deduction to a tax credit and apply it only to interest on mortgages below this reduced limit ($500,000). The deduction would convert to a 15% tax credit for interest paid under this cap and would better help achieve the purported goals of the existing deduction – making home ownership more affordable. The ten year total savings was calculated in 2009 at $387 billion.

LIFO

Cut: $52.9 billion

Last-in, first-out (LIFO) accounting enables companies to move the most expensive inventory off of their balance sheets, and thereby reduce their taxable income, even though the actual movement of inventory occurs on a first-in, first-out (FIFO) basis in many industries. LIFO is already prohibited by International Financial Reporting Standards. The repeal of LIFO if applied to all industries would save $52.9 billion over the next ten years. Oil and gas companies account for roughly half of the cost of LIFO.

Foreign Tax Credit (FTC)

Cut: $90 billion

The Foreign Tax Credit was established to prevent U.S. businesses—and U.S. citizens living abroad—from being double-taxed on income earned in foreign countries. The FTC allows U.S. companies and individuals to count foreign income taxes as a credit on taxes owed in the U.S. Unfortunately, the FTC contains a loophole that allows companies to shift income abroad to maximize the break. Companies have also obtained credits on "income taxes" that are not subject to tax in the U.S. For instance, oil and gas companies counting *royalty payments* to foreign governments as income tax that can be counted dollar-for-dollar against U.S. tax payments. Reforming the FTC by requiring companies to pool and report on all of their foreign income would provide more transparency for what is being counted as income tax that is eligible for a tax credit, and would reclaim an estimated $51.4 billion in lost tax revenue from 2012-2021. Also, ending the practice of splitting foreign income and foreign taxes for accounting clarity would lead to $37.7 billion in taxpayer savings over the same period.

Deduction of State and Local General Sales Taxes

Cut: $28 billion*

This provision was eliminated from the tax code in the 1986 reforms, but was brought back to life in recent years. It enabled taxpayers the option of deducting itemized state and local sales taxes from federal income tax, but only if they do not deduct state income tax. Therefore, the major beneficiaries are the residents of states that don't pay state income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming.

Research and Development Tax Credit

Cut: $60 billion*

Companies doing research and experimentation in the United States receive a lucrative tax credit from this provision in the tax code. Companies that have benefited from this provision include Microsoft Corp., Boeing Co., United Technologies Corp., Electronic Data Systems Corp., and Harley-Davidson Motor Co.

Extension of Seven Year Straight Line Cost Recovery Period for Motorsports Entertainment Complexes

Cut: $400 million*

Undercutting IRS rulings to the contrary, owners of motorsports entertainment complexes (aka NASCAR tracks) would be able to write-off the cost of their facilities on their taxes over seven years, instead of the standard 39 years for nonresidential property and 15 years for "improvements" (such as fences and roads), as long as the venue hosts an event within three years of its completion. Such an accelerated depreciation schedule increases the value of the yearly deduction for owners. Track owners have also gotten plenty of other tax breaks over the years from states and localities eager to get speedways. The provision encompasses all facilities including grandstands, parking lots, and concession stands.

Extension of Enhanced Charitable Deduction for Contributions of Food Inventory

Cut: $920 million*

Congress has routinely extended an enhanced deduction for the charitable contribution of food inventory. Under this provision, the food must be "apparently wholesome food." However, "wholesome" food isn't necessarily healthful or even edible and is defined as "food intended for human consumption that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions."

Extension of Special Expensing Rules for U.S. Film and Television Productions

Cut: $1.60 billion*

In an effort to keep film and television production in the United States, filmmakers have the option of immediately deducting significant costs for most film or television productions. Under this provision producers can elect to expense in the current year the first $15 million of production costs incurred in the U.S. ($20 million if the costs are incurred in economically depressed areas in the U.S.). This can be used if at least 75% of the costs are for services performed in the U.S. and is available for both blockbusters and those that go "directly to video cassette or any other format."

** Because each of these programs was subject to annual appropriations or was an expiring tax provision (that had been regularly extended), the ten year cost estimate was extrapolated based on available cost or spending data.*

***Note**: Figures from the Joint Committee on Taxation estimates, FY2012 Budget of the U.S. Government.*

Transportation

Total Cuts: $18 billion

Rail Line Relocation Program

Cut: $345 million

In the President's FY2012 budget, he proposed cutting the Rail Line Relocation Program (which received $34.5 million in FY2010 and FY2011) because a merit-based program exists that accomplishes the same end and allows states to decide how the money should be spent.

I-710 Tunnel Project – California

Cut: $11.8 billion

The Interstate 710 tunnel outside of Los Angeles has been estimated to cost upwards of $14 billion, though estimates vary so widely as to be essentially useless. The project claims to solve congestion on portions of LA's highway system, but those claims seem to be dubious at best. It is unclear for what portion of the project federal taxpayers will be asked to pay, but the potential for extreme cost overruns and the questionable transportation benefits make this a project that should be scrapped.

Knik Arm Crossing – Alaska

Cut: $1.5 billion

The sister project of the now infamous "Bridge to Nowhere" recently received the blessing of the U.S. Department of Transportation, which approved the final environmental assessment required before any additional work could continue. The project would link Anchorage to the sparsely populated area around Point McKenzie in the Mat-Su Valley. The project can only be built with a public-private partnership, which would be paid for through the collection of a bridge toll. But estimates of the amount of traffic that will use the bridge appear overly optimistic, and therefore the expected toll revenue is almost sure to fall short of paying for the project for many years after it is built. This would likely leave federal taxpayers on the hook for untold millions of dollars to make up the shortfall.

St. Croix River Crossing Project/Stillwater Bridge – Minnesota and Wisconsin

Cut: $400 million

The historic, two-lane Stillwater Bridge spans the St. Croix River, connecting Stillwater, Minnesota and Houlton, Wisconsin, just east of Minneapolis-St. Paul. The Minnesota Department of Transportation (MnDOT) proposes to build a new four-lane, one-mile bridge between Oak Park Heights, Minnesota and Houlton, Wisconsin, about one mile south of the existing bridge. A smaller project with a more appropriate scale and lower cost has been proposed at a savings to taxpayers of approximately $400 million. The project is currently on hold because the National Park Service recently determined that the new bridge would have adverse impacts on the St. Croix, which is listed as a national Wild and Scenic River.

Juneau Access Road – Alaska

Cut: $500 million

The Juneau Access project would consist of a new 50-mile road out of Juneau that would connect to a ferry terminal for the last 18-mile journey to connect to either Haines or Skagway, with driving access to the interior of the state. Due to the treacherous terrain, the road would be closed at least one month every year, and the journey would likely require several days of driving in each direction from most parts of Alaska. In addition, the challenging terrain makes the construction of this road a questionable proposition and raises significant questions

about cost overruns and project feasibility. Most of the funding for this project has not yet been identified, but proponents assume that the vast majority will come from federal taxpayers.

Outer Bridge Portion of Ohio River Bridges Project – Indiana and Kentucky

Cut: $1.5 billion

The outer, or eastern, bridge portion of this project would be a new interstate highway (I-265) and Ohio River bridge in the eastern suburban area of Louisville. It would connect the Gene Snyder Freeway in Kentucky (KY 841) to the Lee Hamilton Highway in Indiana (State Road 265). The project, which the Environmental Protection Agency calls "redundant", is a developer's dream. It would open up vast quantities of land in Indiana for development.

Gravina Island Access – Alaska

Cut: $300 million

Yes, the "Bridge to Nowhere" lives on. Though the bridge project was cancelled by then-Governor Sarah Palin in late 2007, the state completed construction of the $26 million 3-mile Gravina Access Highway, which would have served as the bridge access if the bridge was built. To avoid having to pay back to the federal government the money it spent on this "highway", the state is conducting an assessment of the project to show how it will utilize the newly constructed road. The assessment is underway, but this charade should be stopped once and for all, and taxpayers assured that this monstrosity is killed for good.

Essential Air Service (EAS) Program

Cut: $1.63 billion*

This program was launched in the 1970s to ease the transition to airline deregulation by subsidizing commercial flights to the nation's rural airports. What exactly constitutes "essential" about this program remains a mystery; many of the cities served by this program can be found an hour or less away from airports with unsubsidized flights. For example, Lebanon Municipal Airport in New Hampshire is subsidized by EAS and is only an hour and a half drive to Manchester-Boston Regional Airport. A recent FAA extension passed by Congress caps subsidy levels at $1,000 per passenger, which only eliminates subsidies to three airports. Approximately 160 airports still receive the EAS subsidy, wasting millions in taxpayer funds.

Achieved Cuts:

The following Transportation savings suggestions included in previous TCS cuts lists were implemented by Congress.

Total Achieved Savings: $630 million

Rescind Unused Transportation Earmark

Cut: $ 630 million

In the year-long continuing resolution that Congress passed last year to keep the government funded through fiscal year 2011, one of the provisions included was a rescission of unused transportation earmarks. This was a measure that TCS has supported in previous cut lists. Congress took back contract authority for unused earmarks that are more than 10 years old, and in the process saved taxpayers $630 million.

** Because each of these programs was subject to annual appropriations or was an expiring tax provision (that had been regularly extended), the ten year cost estimate was extrapolated based on available cost or spending data.*

***Note:** Figures from FY2012 Budget of the U.S. Government, Louisville Magazine, Regional Transportation Plan Workshop (I-710), Alaska DOT, Alaska Transportation Priorities Project, Minnesota Department of Transportation. Cost estimates are based on total project costs, not necessarily expected federal investment. Escalation of infrastructure costs over time and private and local government investments could make these figures higher or lower in the future.*

General

Total Cuts: $421 million+

Shift Congressional Pensions to Defined Contribution

Congress benefits from an elaborate and lucrative pension system that is more generous than is available to government employees. While most Americans have a defined contribution system that they pay into like a 401(k) retirement plan, simply remaining in office is key to increasing the annual pension for lawmakers. Aside from the savings, shifting Congress from a defined benefit to defined contribution plan would more readily align lawmakers' interests with their working constituents.

Overseas Private Investment Corporation

Cut: $421 million

This corporation is a government-supported agency that subsidizes U.S. companies to invest in risky foreign markets by providing them direct and low-cost financing and insurance. While purported to help American small businesses compete in the global marketplace, the Overseas Private Investment Corporation (OPIC) actually provides subsidies to some of the largest multinational corporations in the world. In fact, many of the firms OPIC aids are large U.S. corporations, including McDonald's, DuPont, Citicorp, and Coca-Cola, all of which are very capable of obtaining loans and risk insurance in the private sector. Under current OPIC practices, Fortune 500 corporations gain healthy profits from their foreign investments while U.S. taxpayers are held financially responsible for any potential losses.

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