

## **TAX RELIEF/FISCAL RESPONSIBILITY**

### **ISSUE:**

The federal government continually spends beyond its means, further increasing the federal deficit and crowding out the private sector in capital markets and increasing interest rates. The nation's pro-spending and pro-debt attitude has led to 25 straight unbalanced budgets. It took our nation 205 years -- from 1776 to 1981 -- to reach a \$1 trillion debt. Just 17 years later, the debt is over \$6 trillion. Each year, interest payments rise as the overall debt grows. Fiscal responsibility, economic stimulation, and a balanced budget are key to a healthy economy.

### **IMPACT:**

The General Accounting Office has stated that balancing the budget by 2001 would produce a 36 percent improvement in the nation's standard of living by 2020. By raising the threshold of difficulty for deficit spending, a Balanced Budget Constitutional Amendment (BBA) would force the President and Congress to set priorities rather than continuing to postpone choices. The BBA would also guarantee that the nation adheres to a deficit reduction plan. ABC believes this is more desirable than having the federal government continue to artificially inject money into wasteful government programs.

ABC supports minimizing the tax burden on American citizens--the construction industry in particular--to help increase the rate of capital formation, economic growth and job creation. Business tax cuts should be maintained as an integral part of the balanced budget -- tax relief for businesses boosts the economy and makes a balanced budget easier to achieve. ABC specifically advocates capital gains tax cuts, estate tax repeal, Alternative Minimum Tax (AMT) relief, independent contractor reform, cash accounting clarification and repeal of look-back accounting for construction.

### **STATUS:**

ABC will continue to push for passage of the BBA and Tax Limitation Amendment (TLA) to require a two-thirds majority of Congress to raise taxes. In April 2000, the House again failed to garner the two-thirds majority needed to pass the TLA. This issue has previously been considered by Congress, often timed with the April 15<sup>th</sup> tax-filing deadline.

ABC is also working to help return the federal surplus to taxpayers, as any money kept in Washington will be used to fund new programs. ABC is working to advance tax relief for capital gains, estate tax, and AMT, as well as IRS simplification through clarification of cash vs. accrual accounting requirements, repeal of look-back accounting for the construction industry, and indexing of outdated thresholds in the Tax Code, especially in sections 460 and 446.

Advancing a broad tax reform package in the remaining days of the 106<sup>th</sup> Congress is unlikely due to a few remaining legislative days in session and election year politics.

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