REPEAL THE SEQUESTER BY ENDING TAX GIVEAWAYS

According to the Bipartisan Policy Center, one million Americans may be out of work if Congress fails to act and the sequester hits on March 1. We should move promptly to replace the sequester with deficit reduction that asks the highest earning taxpayers and most profitable corporations to pay a fair share. The options outlined below would not only save jobs, but make the tax code fairer for all Americans.

ONE-YEAR OPTION

FY13 sequester replacement (**$85.3 billion needed**, list totals $102.7 billion; all values are 10-year estimates):

- **Buffett Rule ($46.7 billion) –** Require taxpayers earning over $2 million to pay at least a 30% effective federal rate. Minimum tax begins to phase-in at $1 million.
- **Edwards/Gingrich payroll tax loophole ($9 billion) –** Prohibit high-income professionals from avoiding the payroll taxes by gaming their corporate status.
- **Private jets depreciation ($3 billion) –** Repeal the special depreciation rules for general aviation aircraft.
- **Oil loopholes ($24 billion) –** End various tax expenditures for big oil and gas companies.
- **End offshoring loophole ($20 billion) –** Prohibit deferral for manufacturers that produce goods overseas for sale to U.S. customers.

Regular budget process would pick up with 2014 budget beginning 10/1/13.

NINE-YEAR OPTION

Complete nine-year sequester repeal (**$960 billion needed**, list totals $1.09 trillion; all values are 10-year estimates):

- **Items from the one-year list above ($102.7 billion)**
- **International tax reform ($148.5 billion) –** Crack down on offshore tax abuses by ending incentives to shift jobs, property, and profits to foreign countries.
- **28% limit on itemized deductions ($293.3 billion) –** Limit the value of tax deductions to 28% for families making over $250,000 and individuals making over $200,000.
- **Fee on large financial firms ($70.9 billion) –** Let the financial sector pay back the taxpayers for the financial crisis by imposing a modest annual fee of 0.15% of accounts on the largest financial firms.
- **Financial transactions tax ($352 billion) –** Raise substantial revenue and discourage market-distorting, high-frequency trading by taxing transfers of securities at a rate of 0.03%. Provide tax credit to offset the new tax for transfers within tax-preferred savings accounts.
- **Last-in, first-out accounting gimmick ($97.5 billion) –** End the "last in, first out" (LIFO) method of taxing inventories, which permits the assumption that the last goods added to inventory were the first ones sold. Also eliminate the "lower of cost or market" (LCM) method, which allows companies to cherry-pick their inventory valuation for tax purposes.
- **Stock options loophole ($24.6 billion) –** Prevent corporations from taking tax deductions for executive stock options at amounts greater than the expenses they show on their books for the same options.

Permanently eliminates the Budget Control Act sequester (currently scheduled to run through 2021).