

# Family-Friendly Tax Reform

The Progressive Policy Institute proposes reorganizing \$2.5 trillion worth of tax subsidies to harness the U.S. tax code as an instrument to expand middle-class opportunity. Its plan (*see pponline.org*) would create substantial incentives in four key areas: paying for college, buying homes, raising children, and saving for retirement. Existing incentives for

those things would be consolidated to get more bang for the buck. The PPI plan then calls for eliminating \$436 billion worth of corporate tax breaks and special interest subsidies. That money would be shifted to the four new incentives to make them even more generous. The plan is budget-neutral. Here's an overview.

## COLLEGE TAX CREDIT

\$Millions

**What it does:** Provides \$3,000 per year for four years of college and two years of graduate school

**What it will cost:** ..... \$175,000

### How to pay for it:

|   |        |
|---|--------|
| Consolidation of five college benefits                            | 92,000 |
| Corporate shelters for foreign income                             | 55,000 |
| Corporate loophole for janitors' insurance                        | 20,000 |
| Special rules for vessel and aircraft leasing                     | 1,000  |
| NASCAR track owners subsidy                                       | 100    |
| Special expensing rules for independent filmmakers                | 336    |
| Tax credit for railway track maintenance                          | 501    |
| Corporate deduction for attorney fees                             | 327    |
| 14 other corporate tax breaks from the American Jobs Creation Act | 5,730  |

**Subtotal** ..... \$174,994

## FAMILY TAX CREDIT

\$Millions

**What it does:** Provides up to \$7,500 for a family with three children

**What it will cost:** ..... \$1,123,000

### How to pay for it:

|  |         |
|--|---------|
| Consolidation of three family credits            | 873,000 |
| Institute third-party reporting of capital gains | 250,000 |

**Subtotal** ..... \$1,123,000

## HOME MORTGAGE DEDUCTION FOR ALL

\$Millions

**What it does:** Replaces the existing deduction that is only available to itemizers

**What it will cost:** ..... \$924,000

### How to pay for it:

|  |                  |
|--|------------------|
| Existing home mortgage deduction                               | 868,000          |
| Special breaks for large credit unions                         | 15,200           |
| Special rules for the timber industry                          | 5,000            |
| Corporate jet loophole   | 3,000            |
| Lenient tax shelter standards                                  | 8,800            |
| Corporate SUV and luxury car loophole                          | 1,100            |
| Loophole for private activity bonds to build sports facilities | 1,000            |
| Special rules for extractive industries                        | 19,000           |
| Five estate and trust loopholes                                | 7,100            |
| <b>Subtotal</b>  | <b>\$928,200</b> |

## UNIVERSAL PENSION

\$Millions

**What it does:** Replaces 16 existing IRA-type accounts, and is available to all workers

**What it will cost:** ..... \$309,000

### How to pay for it:

|  |         |
|--|---------|
| Consolidation of 16 tax-favored accounts       | 262,000 |
| Make \$3,000 contribution limit permanent      | 24,200  |
| CEO pay loophole                               | 2,000   |
| Bermuda loophole                               | 5,000   |
| Eight pension and employee benefits provisions | 15,800  |

**Subtotal** ..... \$309,000

**TOTAL** ..... \$2,535,194

