

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER: PROJECT 2025 WILL REWARD TAXPAYERS.

BACKGROUND. Conservative Heritage Foundation researchers have developed an astounding road map for Donald Trump to follow after winning a 2nd term, Project 2025. The project [represents the views and input of individuals from about 100 conservative organizations](#), several of whom form the Heritage advisory board. Authors include Stephen Moore, a fiscal and monetary policy advisor in the Trump first term, and Russell Vought, the Trump budget director now considered a potential White House chief of staff in a second term. The lengthy document contains superb conservative fiscal ideas for many areas of our federal government. Specifically, it contains outstanding suggestions for reforming our federal tax system, offering American taxpayers true and continued tax and regulation relief. The anthology of 30 chapters, each by a different author, is a prepackaged game plan for the next Trump Administration to announce and implement immediately upon inauguration.

ITS TAX POLICY PRINCIPLES. Good tax policy will mean balancing the budget by driving down federal spending while maintaining a strong national defense and not raising taxes. The tax system will raise the revenue necessary to fund a limited government for constitutionally appropriate activities. It will raise this revenue in order to apply the least economically destructive forms of taxation, apply low tax rates on a broad, neutral tax base, minimize interference with the operation of the free market and free enterprise, and minimize the cost to taxpayers of compliance with and administration of the tax system. The tax system will minimize its adverse impact on the family and the core institutions of civil society. It will apply consistently, with special privileges for none, and respect taxpayer due process and privacy rights, reducing tax compliance costs. Achieving fundamental tax reform will increase the prospect of a dramatic improvement in American living standards. Lobbyists, lawyers, benefit consultants, accountants, and tax preparers will see their incomes decline, however.¹



INCOME TAXES. Tax reform would happen in 2 stages. Project 2025 eventually would transition individual federal income taxes to consumption taxes, thus simplifying the tax system and encouraging savings and investment. First, the policy would shrink the current 7 different income tax rates, ranging from 10% to 37%, to only 2 rates, 15% and 30%, together with elimination of most deductions, credits, and exclusions. Taxpayers no longer could deduct state and local taxes or educational expenses. The project would require a 3/5ths congressional vote for future income tax hikes. Excluded from the limitations are tax-deferred retirement

accounts such as traditional IRAs and 401(k) plans. The estate and gift tax rate would set at no higher than 20%. The temporary increase in the exemption amount from \$5.5 million to \$12.9 million (adjusted for inflation) introduced in the 2017 Trump Tax cut would become permanent. The Constitution gives Congress the power to tax, which means that changes to the tax code must come through congressional legislation.

CAPITAL GAINS. A lower 15% tax on capital gains and dividends, which would boost investment and entrepreneurship. The system would index capital gains taxes for inflation.

EXTEND TRUMP CUTS. Because the individual provisions of the 2017 Trump Tax Cuts expire at the end of 2025, the president and Congress inevitably must make a decision to extend them. The plan would extend the tax cuts, which measurably help the middle-class taxpayer and our national economy. Stage 1 intermediate reform would retain the basic structure of the cuts but dramatically enhance the provisions. Stage 2, fundamental reform, would abolish individual and corporate income taxes and replace them with a consumption tax. The plan adds tax breaks for churches and religious schools.

CORPORATE TAX RATE. The proposal would decrease the corporate tax rate from 21% to 18%, stimulating economic growth by encouraging business investment and job creation. It would make the U.S. more competitive economically, thus attracting foreign investment.² Under the intermediate plan, individuals and their employers would

¹ Project 2025, DEPARTMENT OF THE TREASURY chapter by William L. Walton, Stephen Moore, and David R. Burton.

² Kiplinger. Kelley Taylor, [Project 2025 Tax Overhaul Blueprint: What You Need to Know](#), July 10, 2024.

continue incurring a combined payroll tax of 15.3%. Capital expenditures written off in the first year. The 3.8% Net Investment Income Tax repealed. A supermajority vote of Congress required to raise corporate tax rates.

THE REPEAL. Project 2025 would repeal all the tax increases in the Biden Regime Inflation Reduction Act, including the book minimum tax, the stock buyback excise tax, the coal excise tax, the reinstated Superfund tax, and excise taxes on drug manufacturers that compel them to comply with Medicare price controls. The Trump Administration will sponsor legislation to fully repeal recently-passed Biden subsidies in the tax code, including the dozens of credits and tax breaks for green energy companies in Subtitle D of the Inflation Reduction Act.

IRS REFORM. The plan calls for cutting the IRS budget, and as with other executive agencies, more of its top personnel appointed by the president. Adding to the commissioner and chief counsel, presidential appointees would include at a minimum the deputy commissioner for services and enforcement, the deputy commissioner for operations support, the national taxpayer advocate, and the commissioners of the Wage and Investment Division, the Large Business and International Division, the Small Business/Self-Employed Division, and the Tax-Exempt and Government Entities Division. All necessary because the culture, administrative practices, and management require change. The personnel and funding increase included in the Biden Inflation Reduction Act rescinded. Funds and authority of the Office of the Taxpayer Advocate (NTA) increased. This office will have greater resources to better assist taxpayers suffering from wrongful IRS actions. The office will make its own personnel decisions to protect its independence, ensuring access to files, meetings, and other information needed to assist taxpayers or investigate IRS administrative practices. The agency must address NTA comments in final rules and include it in deliberations prior to the release of a proposed rule. The NTA could file legal amicus briefs independently. The Office of Equity, Diversity, and Inclusion closed. Also, taxpayer information reporting lessened. Interest on overpayments by taxpayers increased. The time limit for suing for improper tax collection extended. The tax penalty system will become reformed by rationalizing the penalty structure and reducing several of the most punitive penalties. A much greater emphasis on improving technology and potential expansion of funds in this area if an effective implementation plan adopted and serious oversight added. The Integrated Modernization Business Plan should undergo systematic review and revised. Several senior IT managers replaced. An oversight board composed of private sector IT experts then established and given the authority to conduct meaningful, contemporaneous oversight.

SAVINGS ACCOUNTS. Universal Savings Accounts established, allowing all individuals to contribute up to non-taxed \$15,000 annually (indexed for inflation) and withdraw funds tax-free at any time or for any reason. These accounts are highly flexible to allow Americans to save and invest as they see fit, including, for example, investments in a closely-held business, without facing a punitive double dose of taxation, Basically, these accounts are Roth IRAs without restrictions. Excluded from the limitations are tax-deferred retirement accounts such as traditional IRAs and 401(k) plans and a share of health savings account contributions.³



INTERNATIONALLY. The authors urge the U.S. to withdraw from and end its financial support to the World Bank and the International Monetary Fund. International organizations such as the Organization for Economic Co-operation and Development (OECD), the World Bank, and the International Monetary Fund espouse economic theories and policies inimical to American free market and limited government principles. The global elites who operate the IMF regularly advocate higher taxes and big, centralized government. The IMF has intervened in American policy debates and has recommended that the U.S. raise taxes. The

OECD, in conjunction with the European Union, has long tried to end financial privacy and impose regulations on countries with low (or no) income taxes. On tax, environmental, corporate governance, and employment issues, the OECD has become similar to a taxpayer-funded leftwing think tank and lobbying organization. The U.S. provides about 1/5 of OECD funding; it should end its financial support and withdraw from the OECD.⁴ Enactment of the U.S. Reciprocal Trade Act (USRTA) would allow President Trump to impose tariffs on goods from a foreign country at the same rate that the foreign country imposes taxes on imports of similar U.S. goods. A bill had the support of 28 House Republicans in 2019, and Trump urged its passage in his State of the Union address that year. Such action drastically would level the playing field for American farmers, ranchers, manufacturers, and workers now forced to compete in an intrinsically unfair,

³ Project 2025, DEPARTMENT OF THE TREASURY chapter by William L. Walton, Stephen Moore, and David R. Burton.

⁴ Ibid.

unbalanced, and non-reciprocal World Trade Organization system. The Project 2025 tax rate on global intangible low-taxed income (GILTI), used to calculate a U.S. multinational company foreign earnings to ensure minimum tax paid, now 10.5% and scheduled to rise to 13.125% in 2026, would drop to no higher than 12.5%. The rate on foreign-derived intangible income would set equal to the GILTI. For these corporations, the plan then would repeal the 2017 tax cut base erosion anti-abuse tax. It also would end U.S. participation in multilateral efforts to raise corporate income taxes.⁵

THE CONSUMPTION TAX. A consumption tax would minimize government distortion of private economic decisions and thus become the least economically harmful way to raise federal tax revenues from taxpayers. There are several forms that a consumption tax(es) could assume, including a national sales and excise tax(es), a business transfer tax, a flat tax, or a cash flow tax.



EDUCATION. The proposed Educational Choice for Children Act would provide a tax credit to donors who contribute to nonprofit, scholarship-granting organizations that pay for private school tuition, tutoring, and instructional materials. Project 2025 would rescind regulations that made it easier for those defrauded by their college or who attended an institution that closed to discharge their loans. Similarly, it would nullify the Biden loan forgiveness program, known as Saving on a Valuable Education, or SAVE.⁶ The plan recommends ending the Public Service Loan

Forgiveness program, which allows teachers and others who work in public service jobs to see their loan balances eliminated after 10 years of making payments. Elementary and secondary education policy would follow the path outlined by Milton Friedman in 1955, whereby education publicly-funded but education decisions made by families. Parents would have the option to direct their child's share of education funding through a tax-deduction education savings account (ESA), which would empower parents to choose a set of education options that meet the individual needs of their child. Plan 2025 recommends creating an additional model of ESAs for use by students in active-duty military families and students attending schools on tribal lands.

TAX CREDITS. Project 2025 recommends a tax credit for the renovation or repair of housing stock in rural areas. The plan offers significant financial and tax incentives to American companies that seek to return production facilities from Communist China to U.S. soil.⁷ Tax credits for carbon elimination would end.

AGRICULTURE. Agricultural programs considered separate legislation distinct from food stamps and the nutrition part of a farm bill.⁸ The report calls on Congress to limit the USDA role to primarily focus on agricultural production and defend agriculture from leftwingers by ending an association with the U.N. and other efforts to push sustainable-development schemes connected to food production. Policies would remove obstacles to increasing farm production. Project 2025 states that taxpayers should not pay more than 50% of crop insurance premiums. Cutting insurance subsidies to 47% would save taxpayers an estimated \$8.1 billion a year and reduce insured acres by only about 1%. The project also wants to stop the Natural Resources Conservation Service (NRCS) from handcuffing farmers to wetlands compliance, like some active court cases now opposing NRCS wetland rules. Project 2025 suggests ending federal wetland authority and turning it over to states. USDA would not approve new requests for checkoffs or marketing orders. A suggestion to work with Congress to eliminate the 22 current checkoff programs or at least hold regular votes from producers to continue the programs. Several farm and livestock organizations would support these proposals while others vehemently would oppose them. The project also advocates tighter work requirements for food stamp recipients and scrutiny of Biden Regime regulations on the Thrifty Food Plan, which boosted food stamp benefits 23%. Repeal of USDA dietary guidelines, because there is plenty of private sector dietary advice for the public. Despite this USDA program, about 42% of adults and 20% of children in the U.S. remain obese.⁹

TAKE ACTION NOW. If Trump is re-elected, taxpayers expect him to exercise his executive power to the fullest extent. If Republicans likely gain control of the House and Senate, Trump probably will obtain passage of a great deal of his tax

⁵ Howard Gleckman Tax Policy Center, [Conservatives Lay Out Their Second Term Trump Tax Policy](#), Feb. 9, 2024.

⁶ Katherine Knott, Inside Higher Ed, [Project 2025 Would Radically Overhaul Higher Ed. Here's How](#), July 11, 2024.

⁷ Martin Sullivan, Tax Notes, [Your Guide to Tax Policy in Project 2025](#), July 8, 2024.

⁸ Farm and Dairy. Alan Guerbert, [Farm Bill politics 2024 are leaning toward Project 2025](#), July 11, 2024.

⁹ Progressive Farmer, Chris Clayton, [Farm Programs, USDA Would Shrink Under Project 2025 Goals for Ag](#), July 8, 2024.

and spending proposals using a single budget reconciliation bill, which, instead of needing 60 votes to block a filibuster, would require only a simple majority to pass in the Senate. However, several of his policy goals that require legislation might not be part of a reconciliation bill, if they produce no changes in spending or revenue, or if changes merely incidental to the nonbudgetary components of the legislation. Familiarize yourself with the Project 2025 [Mandate for Leadership: The Conservative Promise](#). This treatise is a handy guide for the next Trump Administration and the people who will comprise it. The volume explores what conservative success will look like at each federal agency beginning in 2025. Tell your conservative friends, family, neighbors, and colleagues to read it. Help is on the way. We will restore American greatness and drain the socialist swamp, returning our constitutional republic to the American people. Using the content above, lobby your representative and 2 senators to examine Project 2025 and prepare to implement its provisions in the new Trump Administration. Email netaxpayers@gmail.com for congressional contact information and to join our NTF *President Watch Project*.

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