

United States Senate

Senator Tom Coburn, MD

March 29, 2011

Mr. Grover Norquist
President, Americans for Tax Reform
722 12th Street NW, Suite 400
Washington, D.C. 20005

Dear Mr. Norquist,


I was disappointed to read in yesterday's *Daily Oklahoman* comments from your representative accusing me of supporting a "tax increase" because I have offered an amendment to the small business bill that would eliminate the gratuitous ethanol subsidy for blenders. I urge you to reconsider your opposition to my amendment and realign your organization with its own charter, which says: "We believe in a system in which taxes are simpler, flatter, more visible, and lower than they are today. The government's power to control one's life derives from its power to tax. We believe that power should be minimized."

Unfortunately, this is not the first time your organization has defended distortions in the tax code. In 2009, you defended a \$246 million tax earmark for Hollywood movie producers. You opposed my amendment on the grounds that it was a "tax increase." Fortunately, dozens of Republicans who signed your pledge exercised good judgment and common sense and voted to help pass my amendment.

Now, your organization is working to protect an ethanol subsidy the Heritage Foundation and others have called a tax earmark because it is a special interest giveaway targeted to a narrow group of recipients. The Council for Citizens Against Government Waste also supports my amendment and will consider any votes on the matter in their *2011 Congressional Ratings*. As CCAGW President Tom Schatz wrote in support of my amendment, "At a time when the nation's debt has ballooned to more than \$14.2 trillion, members of Congress should be looking for every viable way to cut wasteful, unnecessary and duplicative spending."

Industry leaders like Charles Koch of Koch Industries also oppose ethanol subsidies. Mr. Koch recently wrote in the *Wall Street Journal*: "[B]ecause of government mandates, our refining business is essentially obligated to be in the ethanol business. We believe that ethanol – and every other product in the marketplace – should be required to compete on its own merits, without mandates, subsidies or protective tariffs. Such policies only increase the prices of those products, taxes and the cost of many other goods and services."

Mr. Koch's economic argument is supported by many distinguished conservative economists. For instance, Martin Feldstein, chairman of the Council of Economic Advisers

under President Ronald Reagan, responded directly to your argument about “tax increases” in this July 20, 2010 piece in the *Wall Street Journal* (my emphasis added).

“Republicans ... are reluctant to cut these tax perks, because they regard the additional revenue collected by the federal government as a ‘tax increase’ – even though the increased revenue is really the effect of a **de facto spending cut** ...

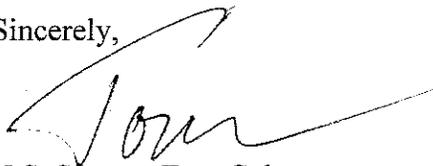
“If tax expenditures are not cut, **taxes on households and businesses will have to rise** to prevent an explosion of the national debt ...”

By opposing my amendment you are defending wasteful spending and a de facto tax increase on every American. Ethanol subsidies are a spending program wrongly placed in the tax code that increases the burden of government, keeps tax rates artificially high, and forces consumers to pay more for food and energy.

Rather than demanding that Senate conservatives violate their consciences and support distortions in the tax code that increase spending and maintain Washington’s power over taxpayer’s lives, your organization should assist our efforts. Calling for the elimination of tax earmarks without qualifications would be a good start. Continuing to issue blanket defenses of all tax expenditures is a profoundly misguided embrace of progressive, activist government and a strategy for tax complexity, tax deferment, excessive spending and unsustainable deficits. Under your logic, reducing provisions in the code such as the Earned Income Tax Credit would constitute a violation of your pledge unless it was “offset” by another so-called “tax cut,” such as an expansion of the ethanol subsidy. That is hardly sound conservative economics.

Mr. Norquist, the fact is when members of Congress sign your pledge none do so with the desire to send cash payments to Hollywood movie producers or billionaires like Charles Koch who neither want nor need government assistance. If you are unwilling to drop your support of tax earmarks I hope you can at least agree that these judgments are best left with taxpayers, not party operatives, lobbyists or politicians. The American people alone have the authority to determine how to address our unsustainable spending and deficits, which present an existential threat to the nation we love so dearly.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom", with a long, sweeping horizontal line extending to the right.

U.S. Senator Tom Coburn