

2021 YEAR IN REVIEW



President's Letter



Dear Friend,

2021 did not mean the full restoration of normal life that we all hoped it would. While I could write volumes about how COVID impacted our work and how we had to continue adapting as best we could, I prefer to let you know what we achieved.

But first, let me thank **you**. Your support and the support of our many contributors made it possible for us to continue to serve as the Voice of America's Taxpayers in Washington, across the states and before federal and state courts.

Like you, we were concerned that the political math could lead to ruination for some of the most important parts of the Tax Cuts and Jobs Act, and additional trillions in government program boosts piled atop the already massive COVID spending bonanza.

Most of that did not come to pass, fortunately. Our work had a part in keeping the worst schemes at bay.

During the debate over Build Back Better, National Taxpayers Union (NTU) put thousands of calls into House and Senate offices to express concerns about the bill. We also took out billboards in six states to make sure key Senators recognized the importance to our economy of opposing tax hikes. We ran a major digital ad campaign against "BBB," not to mention a relentless "earned media" effort that put NTU guests on radio and TV programs across the country.

Our "What's the Deal With?" policy analysis series was a confirmed hit with many Congressional staffers, who found it useful to fight some of the worst spending and tax schemes coming from Capitol Hill and the White House.

But we covered much more than federal tax issues this year.

- In Wisconsin, our expert state affairs team, led by Leah Vukmir and Jess Ward, saved small businesses from a pernicious tax bill when their efforts stopped Wisconsin from taxing forgiven PPP loans. Their many years in state legislative service ably equipped them for this vital role.
- National Taxpayers Union Foundation's (NTUF's) Executive Vice President, Andrew Moylan, has sounded the alarm about various states that are seeking to impose Digital Ad Taxes - which will only burden small businesses with new taxes.
- NTUF's Taxpayer Defense Center, led by Joe Bishop-Henchman, filed our first two pieces of client-represented public interest litigation in Colorado and Louisiana. Our work in another case, *CIC Services v IRS*, helped lead to a 9-0 Supreme Court victory.
- We weighed in on proposals aimed at major technology companies that would in reality lead to more headaches for consumers and empower anti-business federal agencies to go after other industries.
- NTUF's Taxpayers' Budget Office has continued to build relationships with the Congressional Budget Office to help them refine the analyses they give to lawmakers.



Beyond our writing, our “peer-to-peer” strategy of engaging public officials and communications outreach have netted great dividends for taxpayers.

In 2021, we conducted more than 200 meetings with federal and state legislators and their staff. We held webinars with a variety of elected officials and held our first in-person event since 2019, where we featured Congressman Byron Donalds.

Our staff’s voice, words, and citations were found weekly in *The Wall Street Journal*, *RealClearMarkets*, Bloomberg, Fox News and *Law360.com*.

In the pages following, you’ll see a deeper look at the work and successes you made possible. Even though 2021 was another tumultuous year, NTU and NTUF made the most of it.

That is because the team I have the honor to lead possesses the hard-won experience of making plans and taking actions that position us to be effective regardless of what happens. America may not have seen the likes of the pandemic and recession in recent memory, but it has seen wars, severe economic downturns, and seismic political shifts over the past 50 years. NTU and NTUF have managed to navigate all of them, always moving forward. We owe that momentum to you!

With sincere appreciation,

A handwritten signature in black ink, appearing to read "Pete Sepp". The signature is fluid and cursive, with a prominent initial "P" and a long, sweeping underline.

Pete Sepp
President

Maintaining the Voice of Taxpayers in Washington During Fluid Times

A very different political environment in 2021 versus the year prior meant NTU had to shift our strategy – and yet, we had a major impact!

This increased success and productivity have been thanks, in part, to our expanded government affairs team. Last year, we added Will Yepez. Will's impressive resume includes a stint as a Capitol Hill staffer, having worked for former Sen. Dean Heller (R-NV). His primary issue focus for NTU has been on technology and telecommunications policy — two incredibly important subjects that are experiencing a heightened threat of government regulation and taxation. He has expanded not just our scope of work, but also our ability to dive deeper into technical subject matters. In addition to Will's hire, we are also pleased to announce the promotion of Andrew Lautz to Director of Federal Policy. They join our dynamite state team of Leah Vukmir (Vice President of State Affairs) and Jess Ward (Director of State Affairs) to form the strongest government affairs team at any organization.

The New York Times

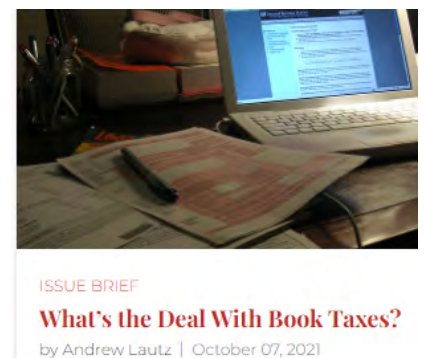
I'm the President of the National Taxpayers Union. Be Careful With I.R.S. Reform.

By Pete Sepp

Mr. Sepp is the president of the National Taxpayers Union, where he has worked since 1988.

One encouraging development we've seen is an increase in the frequency of Congressional offices seeking NTU's endorsement of their legislation. And once NTU provides an endorsement, these offices have been eager to share the news. Through mid-November 2021, NTU had been mentioned or quoted in at least 86 press releases from members of Congress in both parties. At least 24 different Senate offices (nearly a quarter of the Senate) and 28 different House offices, along with two Senate committees and five House committees, have quoted or cited NTU in their press releases, demonstrating NTU's wide advocacy reach across the ideological spectrum.

As the debate over the Build Back Better plan heated up, NTU revived the series of papers called "What's the Deal With...?" that we originally launched in 2017 to help Capitol Hill staffers better understand the more technical aspects of the Tax Cuts and Jobs Act. We released 15 papers in the series, in which we tackled hot-button issues like taxes on corporate "book" income, proposals to target the energy sector for tax increases, and reforms to prescription drug policies.



NTU and NTUF worked to distill complex policy issues for Hill Staffers with the popular "What's the Deal With...?" series, featuring new branding developed by our communications team.



As a result, we received a great deal of unsolicited praise from Hill staff. One staffer for a Ways & Means Committee Member told us: “I’ve really enjoyed that series, it’s been super duper helpful. Have it flagged in my email so I can go back to reference.” A staffer for a Senate Finance Committee Member noted: “Impressed how y’all are able to distill some of the concepts into brief and readable formats.” The Republican Study Committee — the caucus representing conservative House Members — asked NTU to brief their staff on the series.

We also put in several thousand calls to legislators, put up billboards to target Senators in key states, and generated emails to convince Representatives and Senators not to vote for BBB. Ultimately, BBB went down and also importantly, attempts to roll back provisions of the 2017 tax reform act also crashed.

Other highlights include NTU Executive Vice President Brandon Arnold being invited to participate in virtual town hall meetings hosted by freshmen House Members, Reps. Michelle Steel (R-CA) and Stephanie Bice (R-OK) and Andrew Lautz being invited by the Congressional Doctors’ Caucus to brief staffers on reforms to the Centers for Medicare and Medicaid Innovation.

Expanded Efforts in the States

NTU’s state affairs team – led by Leah Vukmir and Jess Ward – had yet another productive and active year. While we were still impacted by limitations on travel and restrictions on our ability to meet face-to-face with state lawmakers, we were able to take big steps in a positive direction.

Fortunately, we have excellent access to state legislators all over the country -- nowhere more so than in Madison, Wisconsin. There our state affairs teams played an integral role in beating back an attempt to tax benefits that had been provided to small businesses via the [Paycheck Protection Program](#) (PPP). Utilizing their vast legislative contacts, Leah and Jess successfully advocated for language inserted in legislation to prohibit the taxation of PPP benefits, thus saving small businesses from getting an unexpected tax bill at a time when many were struggling to survive.

We have a great deal of opportunity to expand our reach -- particularly as state capitols open up and allow more people to advocate in person. Leah and Jess have already been contacted by legislators in Pennsylvania who wish to replicate the success of Wisconsin on labor issues.

Taxpayer Defense Center

The most important development in 2021 for NTUF’s Taxpayer Defense Center is the launching of original litigation. One is against tax officials in Louisiana on behalf of an Arizona-based small business called [Halstead Bead](#). A number of tax practitioners are calling Louisiana the “perfect test case” and Halstead Bead a “goldilocks plaintiff” for challenging undue burdens. TDC has also filed an important class action lawsuit in Colorado, where several local government districts enacted tax increases without receiving voter approval, in violation of the state’s Taxpayer Bill of Rights (TABOR).



NTU Vice President of State Affairs Leah Vukmir on Liquid Lunch on February 1, 2021.



NTUF released a video helping to explain the Taxpayer Defense Center’s Halstead Bead lawsuit, featuring Joe Bishop-Henchman, our Vice President of Tax Policy and Litigation.

In addition to litigation, TDC has kept a very busy schedule of appellate work. They've filed more than a dozen amicus briefs, including in landmark cases at the U.S. Supreme Court like *CIC Services, LLC v. Internal Revenue Service* (where our view prevailed in a 9-0 decision). In that case, the plaintiff's attorney wrote to thank TDC for our help. TDC has also worked closely with Attorneys General to file [briefs in several state lawsuits](#) against a provision in the federal American Rescue Plan Act that prohibits states from cutting taxes (with a path that seems destined to end at the U.S. Supreme Court).

In the fall of 2021, TDC brought on Tyler Martinez as Senior Attorney, who comes to us with a decade of strategic litigation experience. To supplement the work of Bishop-Henchman and Martinez, we are actively seeking clerks and/or paralegals to fill out the team in 2022.



NTU Hosted a Summer get-together featuring remarks from Representative Byron Donalds (R-FL).



Also in attendance were Representatives Tom Tiffany (R-WI) and, Glenn Grothman (R-WI). Pictured with NTU President Pete Sepp, Vice President of State Affairs Leah Vukmir, and Executive Vice President Brandon Arnold.

Tax and Technology Policy

Through the efforts of our own Andrew Wilford and Demian Brady, NTUF played a leading role in pushing back against various efforts to dramatically increase the size and power of the IRS. They joined NTUF Executive Vice President Andrew Moylan in producing a comprehensive [analysis](#) of the tax gap in order to better inform lawmakers of the true scope of the challenge. Subsequently NTUF [released](#) in-depth [examinations](#) of the actual impact of proposals to give the IRS new tools to spy on Americans' financial accounts, along with more than a dozen op-eds and blog posts. These combined efforts were successful in drawing much-needed attention to the issue, and voter backlash led Congress to scrap proposals to give tax bureaucrats new snooping powers.

NTUF was vocal about the threat of so-called "mark-to-market" taxation, an exceptionally complicated proposal to impose tax on unrealized investment gains. We produced a number of analyses, including an extensive [investigation](#) of the potential constitutional problems with such a structure and multiple targeted op-eds and blog posts which we shared with key Congressional staff. Thankfully, our work and that of other groups demonstrated that the administrative challenges associated with this plan were not worth it, and it was subsequently dropped.

Continuing an annual tradition, NTUF published our [tax complexity study](#) in which we analyze the time and financial costs associated with the federal tax code. Our review found that the burden of complying with the code dropped for the third year in a row, after the passage of the 2017 Tax Cuts and Jobs Act. We also [wrote extensively](#) on retaining the cap on the state and local tax (SALT) deduction, [plans to eliminate](#) the so-called "step-up in basis," proposals to enact a [comprehensive wealth tax](#), and many others.

In the controversial space of technology and competition policy, NTUF has sought to defend the principles of limited government and light-touch regulation in the face of largely-justified anger over content moderation and other decisions. We researched state-level [bills](#) to dictate content decisions, [highlighted](#) the inherent problems associated with big-government approaches to antitrust, and [warned](#) against the "European-izing" of tech policy.



Interstate Commerce Initiative

NTUF's Interstate Commerce Initiative, which works to highlight and push back against states taxing and regulating outside their borders, was busier than ever in 2021.

Last year NTUF was one of the first policy organizations to bring attention to the possibility that, thanks to the [increase in telework](#), many businesses and individuals risked triggering [income tax obligations](#) in multiple states. Our research estimated that over three million Americans who previously commuted across state lines were now working from their homes, leading to confusion over which state gets to assess tax on their income.

NTUF Executive Vice President Andrew Moylan collaborated closely with the staff of Senator John Thune (R-SD) to educate them about a legislative fix that was eventually introduced as stand-alone legislation called the "[Remote and Mobile Worker Relief Act](#)" with co-sponsor Senator Sherrod Brown (D-OH).

Taxpayers' Budget Office

NTUF's Taxpayers' Budget Office (TBO) is continuing to make sure that taxpayers and policymakers have the tools they need to understand the full costs of fiscal proposals through oversight of the Congressional Budget Office and supplementary budget research.

In February of 2021, our Demian Brady, who heads up TBO, produced the only cost [estimate](#) for the Inauguration and ongoing security measures associated with the events of January 6th. Later, with the passage of the American Rescue Plan Act, Brady produced an important [issue brief](#) calculating that the long-term impact of the bill will actually be \$1 trillion higher than advertised if its temporary expansions become permanent.



"Why Are Ex-lawmakers Convicted of Corruption Still Receiving Federal Pensions?"

Op-ed by Demian Brady



"Leak of taxpayer records highlights IRS security problems
Op-ed by Demian Brady

Brady has also published an extensive list of recommendations for improving budget scoring. He published [detailed guidance](#) in response to the agency's transparency report. He has also advocated for using "[fair value accounting](#)," which would provide a more accurate view of costs associated with certain loan programs. These items, among others, have been the subject of direct outreach to CBO leadership and staff, which has been fruitful in encouraging smarter scoring.

Mr. Brady has also been a leading voice on a number of other issues, including taxpayer-funded [pension](#) payments going to former Members of Congress convicted of felonies and so-called "[death gratuities](#)" paid to spouses of deceased Members of Congress. In part as a result of his work, there are now ongoing legislative efforts to address these matters.

Promoting Free Trade

Protectionist trade policies pose a significant obstacle to recovery from the pandemic and future growth, at the same time limiting American competitiveness on the world stage. Led by Bryan Riley, NTUF's Free Trade Initiative (FTI) has remained committed to advancing the case for free trade.

One of Biden's first actions in office was to explore adopting his own version of a "Buy American" Executive Order. Riley previously led the intellectual and practical case against such a directive from the Trump Administration, orchestrating a letter of concern from more than 250 economists to Washington leaders. This time around, Riley immediately jumped into action with several [publications](#) opposing Biden's proposal.

Though we're skeptical that the Biden presidency will significantly change the status quo on trade, our efforts have yielded one positive development so far. After years of efforts by NTUF to advocate for greater transparency at tariff hearings, the new U.S. Trade Representative has agreed to start streaming them moving forward.

Riley also produced an important paper that has garnered attention from allies, entitled "[How Free Trade Can Counter China and Enhance American Competitiveness.](#)" In it, he points out that reducing trade barriers and working to build trade agreements with allies could prove crucial to American policymakers in their campaign to counteract China's influence on the world stage.

Communicating Effectively

NTU and NTUF continued to grow their presence in the media. This was the fourth consecutive year that our op-ed placement grew, having published more than 140 op-eds in 2021.

During some of the most contentious policy fights on Capitol Hill, the policy teams could produce and publish analyses faster than ever - including our "What's the Deal With...?" series that got a lot of traction both on and off Capitol Hill during the reconciliation debates.



NTU Executive Vice President Brandon Arnold on Fox News Channel on November 14, 2021.



NTU President Pete Sepp on the Joe Pags Show on October 19, 2021.

NTU President Pete Sepp was published in *The New York Times* advocating against the reconciliation bill's proposal for more funding for IRS enforcement during the height of the battle over the massive spending bill, while other members of the team have published in some of the most high-profile national outlets, as well as leading state outlets around the county. These include the *Washington Post*, *The Hill*, *Morning Consult*, *Roll Call* and others with a large national presence; and the *Baltimore Sun*, the *New Hampshire Union-Leader*, the *Pittsburgh Tribune-Review*, the *Albany Times-Union* and more.

The NTU and NTUF teams have also become regular experts that some of the most prominent media organizations go to for interviews and comments. In addition to being interviewed and quoted in some of the largest publications like the *Wall Street Journal*, *Bloomberg* and *Politico*, our teams solidified relationships with some of the rigorous but influential journals like *Law360*, *Tax Notes*, *Accounting Today* and others.



The Hill's Top Lobbyists 2021

Grassroots

Pete Sepp and Brandon Arnold, National Taxpayers Union

From Fox News and Bloomberg on the national stage to far-reaching syndication on Sinclair and iHeartRadio, lead spokespeople [Brandon Arnold](#) and [Pete Sepp](#) reached millions of taxpayers across the nation and will continue to do so throughout 2022.



POLITICO

“Supreme Court declines to take up Covid-related tax dispute over telework”
Joe Bishop-Henchman, Quoted



“Biden Continues Trump’s Misguided Trade Policies”
Bryan Riley, Quoted

The New York Times

“I’m the President of the National Taxpayers Union. Be Careful With I.R.S. Reform.”
Op-ed by Pete Sepp

THE BALTIMORE SUN

“Maryland’s digital ad tax not only bad policy, it’s fraught with legal problems”
Op-ed by Andrew Wilford



“ProPublica’s Bombshell Tax Report That Wasn’t”
Op-ed by Andrew Wilford and Andrew Moylan



“Maryland should abandon its digital tax scheme”
Op-ed by Leah Vukmir

reno gazette journal

“Nevadans should not support the SALT tax benefit for wealthy Californians”
Op-ed by Will Yepez



“The Wrong Path to COVID Relief for Struggling Families”
Op-ed by Andrew Lautz



“Tax cuts amendment on Louisiana ballots Oct. 9”
Op-ed by Thomas Aiello



“Two Dozen States Plan to Fight Biden Plan to Let IRS Snoop on Your Bank Account”
TV Interview with Brandon Arnold



“Wyden’s Billionaire Tax Plan Would Face Practical Hurdles”
Joe Bishop-Henchman, Quoted



31 NTU papers
54 NTUF papers



47 NTU Op-eds
94 NTUF Op-eds



95 NTU interviews
5 NTUF interviews



106 NTU citations
108 NTUF citations

