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"Across the political spectrum, throughout the policy community, and within the entire private sector, NTU and NTUF are more robust, relevant and respected than ever."

• Pete Sepp, President of NTU and NTUF •







Dear Supporters and Friends,

riends, interstate taxation in the post-Wayfair world.

When I wrote to you at this time last year, congratulations were still pouring into National Taxpayers Union (NTU) and National Taxpayers Union Foundation (NTUF) for the

victory of tax reform. For the first time in 31 years, Washington had finally made good on its promises to overhaul our tax code. NTU and NTUF played a pivotal role in this effort: we solidified the House GOP caucus' support for the Tax Cuts and Jobs Act (TCJA), persuaded key fence-sitting Senators to back the bill, and provided the essential research that guided policymakers throughout the process of tax reform. At private events, Senate Majority Leader Mitch McConnell and then-Speaker of the House Paul Ryan acknowledged that our efforts were crucial to making tax reform a reality.

Almost immediately after TCJA became law, however, NTU and NTUF faced another test: could we translate this achievement into a model that would mean lasting success in 2018? The answer to that question is a resounding yes. While other stakeholders are still pondering their fate after the landmark achievement of tax reform, we are thriving. Across the political spectrum, throughout the policy community, and within the entire private sector, NTU and NTUF are more robust, relevant and respected than ever.

In 2018, our credibility and track record of success poised us to lead the charge on everything from the TCJA rulemaking process to IRS reform; from trade policy to health care. NTU is increasingly a go-to ally for public officials, the business community, and other constituencies seeking real progress on priorities that matter to taxpayers. NTUF has also emerged as the premier thought leader on previously underrepresented issues such as budget scoring and

Our increased impact was aided by the fact that we reached larger audiences in 2018 than ever before: from President Trump to Congress to widely-read media, NTU and NTUF's work got in front of the most important policy influencers in the country. A redesigned website, a nimble social media operation, more than 100 op-ed placements and hundreds of interviews in publications such as *The Hill, The New York Times, Politico, The Wall Street Journal*, and even the left-leaning *Huffington Post* all combined to raise our voice above the din of superficial political chatter. NTU's Senior Fellow for Fiscal Policy Mattie Duppler is now a regular on Fox News, CNBC, Yahoo! Finance, and other outlets spanning the opinion spectrum.

As we've continued to grow in profile, we've also increased our staff size. To accommodate our new hires and add flexibility for further growth, we moved to a new office in May of this year. Our new space is even closer to Capitol Hill, which is critical to our mission. This location has another added benefit in the form of our large conference room, which has become a hub for the coalition activity that allows us to effectively coordinate our efforts with those of our friends and allies.

The elections this November only strengthened our reputation as organizations that are highly relevant in what can best be described as a tenuous political environment. We have good relations with the Trump Administration even as we constructively criticize the White House for missteps on trade and pharmaceutical price controls. And although we are ready to offer principled opposition to Democrat overreach in the House, we have worked across the aisle on issues like military spending and budget process reform in order to build alliances that will serve us well in 2019. We have maintained an excellent balance of alliances in the Senate as well.



Overall, our achievements in 2018 have positioned NTU and NTUF for success like never before. With innovative projects, top staff talent, and solid relationships on and off the Hill, we are distinctly capable of making a difference in a shifting federal, state, and local power structure that will consign other allies to the sidelines. We must take maximum advantage of these opportunities now.

Moreover, in 2019 NTU will be marking a major milestone: our 50th Anniversary. We hope you will join us in celebrating the significant victories we have achieved for America's taxpayers over five decades. It may be obvious for me to say it, but I will never tire of doing so: none of what we do would have been possible without friends and allies like you. Thank you.

Together, we have made 50 years of life-changing history for taxpayers. With your help, we will ensure a similarly life-changing *future* for taxpayers.

Sincerely,

Pete Sepp

President, NTU and NTUF



Pete Sepp presenting Senator John Barrasso with his 2017 Taxpayers' Friend Award.



Although many predicted that 2018 would move at a slower pace than the furor of tax reform, we found that to be definitively untrue for NTU. While defending the tax cut law and pushing for its permanence, we simultaneously engaged on a wide assortment of critically important issues.

#### Trade

From the outset, trade has been one of the biggest issues for the current administration. Unfortunately, one of President Trump's first actions in 2017 was withdrawing from the Trans-Pacific Partnership trade deal—a flawed agreement, but ultimately one that held great promise. In accordance with this precedent, on the whole we saw an uneven approach to trade this past year.

Despite the strong headwinds, NTU proved that we were equal to the task of leading the free-market movement on this issue. Through direct communications with the Office of the U.S. Trade Representative and other officials, we questioned the wisdom of raising tariffs and proactively made a strong argument to scale back the government's involvement in international commerce. In fact, we had a productive conversation directly with Deputy USTR C.J. Mahoney in early November.



NTU participated in a #FIRENAVARRO Twitter campaign in response to the Administration's faltering trade policies.

Additionally, under Bryan Riley's leadership, NTUF's Free Trade Initiative has provided significant ammunition in NTU's free trade advocacy. Mr. Riley has participated in Capitol Hill staff briefings organized by the Republican Study Committee and other organizations. Staffers on the Hill have expressed their appreciation for his prolific and highly influential writings on topical trade issues. For instance, soon after the administration released the text of the renegotiated NAFTA deal, Mr. Riley helped to pen a section-by-section analysis of the agreement that we promptly delivered to Hill offices.



NTU's Mattie Duppler spoke on a CPAC panel about the benefits of tax reform for middle class families.

### **IRS Reform**

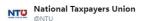
Almost immediately following the passage of TCJA, then-House Ways and Means Chairman Kevin Brady (R-TX) asked NTU to lead the charge on IRS reform and bring the agency's regulations and practices in line with the revised tax code. By April we had helped shepherd an IRS reform bill that passed the House unanimously, and we worked continuously to pass complementary legislation in the Senate. Our allies on right and left alike applauded our work in this area. Despite our best attempts, the government shutdown regrettably killed the legislation. However,



the coalitions and relationships we built during the course of 2018 will ensure that IRS reform remains a bipartisan priority in 2019.

### Regulatory Engagement

Our track record of tax administration expertise translates well to the many nuanced areas of regulation that develop outside of the Legislative Branch. NTU's team has cultivated strong professional relationships with staff at numerous agencies, including the Treasury, Internal Revenue Service, Department of Justice, Federal Communications Commission, and Federal Trade Commission, to name a few. Combined with a technical understanding of the rulemaking process, these relationships allowed us to impact the discussion around the taxpayer implications of proposed regulations on telecommunications, technology, financial services, corporate mergers, and nuanced aspects of the tax code such as the treatment of conservation easements.



Thank you @RepMarkWalker, chairman of @RepublicanStudy for your leadership on so many important issues! Congratulations on your 2017 Taxpayers' Friend Award!



Brandon Arnold presenting former RSC Chariman Mark Walker with his 2017 Taxpayers' Friend Award.

### **Budget Process Reform**

No one organization can tackle our massive budget crisis alone. For this reason, NTU worked closely with the Joint Select Committee on Budget and Appropriations Process Reform created by the 2018 bipartisan budget deal. Although the committee failed to reach an agreement on a reform proposal,

the bipartisan coalition formed during the process, the many recommendations members and allies put forward, and the momentum for reform all remain. As one lawmaker on the panel put it, "we made real friendships and real traction and real progress" that will prove critical for issuing a course correction for our budgeting.

We also worked with our coalition allies and individuals from across the political spectrum. In April, NTU Executive Vice President Brandon Arnold spoke directly to members of the Republican Study Committee in April about the need for spending restraint and budget reform. He also participated in the Heritage Foundation's "Shadow Committee" on fixing the budget process. NTU President Pete Sepp participated in the Convergence Center's Building a Better Budget Process project, which released a report with detailed recommendations for reform. And NTU Director of Federal Affairs Nan Swift created a working group of key Capitol Hill staff and budget experts from outside organizations that met regularly to address budget issues. Reforming the budget process is a steep, uphill climb. Thanks to our hard work in 2018, NTU will be able to keep budget process reform at the forefront of the national debate in the coming year.

#### Health Care

Although Congress failed to tackle comprehensive health care reform in 2018, NTU played a role in many gains that have moved policy in a more free market direction. Early in the year, we succeeded in eliminating a component of Obamacare, the Independent Payment Advisory Board (IPAB), when lawmakers included its repeal in the Bipartisan Budget Act. We worked closely with Congressional leaders, administration officials, the Department of Health and Human Services (HHS), the National Economic Council, and the Office of Management and Budget to expand Health Reimbursement Accounts as part of a regulatory change.

Toward the end of a year, we undertook a significant campaign to demonstrate the severe problems that would arise if the U.S. government established price controls under Medicare Part B. We sent a letter signed by 175 economists to HHS opposing the administration's proposal, publicized it with a major advertising campaign, and made sure it got in front of the right eyes via aggressive social media promotion.

### Agriculture

NTU was once again at the forefront of the lengthy congressional debate over the Farm Bill. By bringing together experts from across the political spectrum for policy conversations, we helped lead bipartisan efforts to make reasonable reforms to our current policies. In fact, Ms. Swift held more than 116 meetings on Capitol Hill! Unfortunately, the final product moved agriculture policy in the wrong



Nan Swift spoke on a panel organized by the Heritage Foundation on the importance of subsidy reform in the Farm Bill.

direction—away from taxpayer-supported common sense reforms and toward distribution more subsidies for more people. These new handouts, particularly in our current environment of trade uncertainty and high deficits, are unsustainable. Not to be deterred, however, we will continue to explore new opportunities to leverage change.

### **State Policy**

Throughout the course of the year, NTU regularly weighed in on critical state-based issues facing taxpayers. In particular, our annual Ballot Guide gave us an opportunity to address some of the most important (but often overlooked) policy matters facing state and local taxpayers. The 2018 guide included hundreds of ballot measures from 28 states. Our analysis provided opportunities to place a number of op-eds in prominent publications across the country, including a piece in the *Denver Post* about a proposed \$1.6 billion tax hike that voters ultimately rejected. We also published an article in the *Bangor Daily News* that ran just a couple weeks before voters beat back what would have been the largest tax increase in the history of Maine.

Overall, our Ballot Guide helped countless Americans understand how proposals at the polls would affect their wallets. Floridians approved a constitutional amendment to require two-thirds voter approval at the ballot box for future state-level tax increases. Washingtonians opted to ban revenue-hungry local governments from taxing groceries, which will save countless millions of dollars for families trying to get by. Arizonans decided to prohibit sales taxes on services. North Carolinians took out an "insurance policy" against future tax increases by reducing the maximum income tax rate the state would be permitted to levy in the future. Indianans voted in a Balanced Budget Amendment for their constitution. And finally, New Hampshire residents gave the nod to a measure enabling them to take their government to court if it violates spending limits.



NTU hosted a reception with Speaker Paul Ryan on April 18,2018 at the Beer Institute.

(Pete Sepp, Speaker Ryan, Jim McGreevy, Beer Institute President and Chief Executive Officer.)





In 2018, the National Taxpayers Union Foundation team built on recent successes to more firmly establish its major research and analysis programs, netting several wins for taxpayers in the process.

### Taxpayers' Budget Office

This last year proved to be pivotal for the continued growth of NTUF's Taxpayers' Budget Office (TBO). As an increasingly effective watchdog for the Congressional Budget Office (CBO), we worked to hold the "scorekeeper" accountable for its methodologies, processes, and scores. TBO published studies over the past year on topics ranging from the true budgetary impact of legislation like the Bipartisan Budget Act and the Farm Bill; to recommendations for improving CBO transparency and establishing better policy baselines; to calling out CBO's surreptitious correction to their score of the Medicare Part D program. An NTUF paper on the Independent Payment Advisory Board (IPAB) played a key part in informing NTU's successful efforts urging lawmakers to eliminate the program. NTUF's analysis of the Center for Medicare and Medicaid Innovation likewise proved influential, convincing the Administration to include a reduction in its funding in the rescissions package it submitted to Congress.

Our efforts to hold CBO accountable haven't been limited to analysis, commentary, and research. Over the past year, we have also spoken several times with CBO Director Keith Hall and highly-placed staff members to discuss transparency measures and agency functions. This engagement underscores the fundamental position of TBO: we exist not to throw bombs at CBO and be critical from a distance, but to instead be a positive and productive force for greater CBO accountability and transparency for taxpayers. We have made advancements toward becoming the trusted and respected voice Washington needs to better evaluate CBO's budget impact estimates.

#### **Interstate Commerce Initiative**

The Supreme Court's June decision in South Dakota v. Wayfair greatly accelerated the progress of our Interstate Commerce Initiative (ICI), a project that is raising alarms over aggressive state efforts to legislate beyond their borders. Andrew Moylan, NTUF's Executive Vice President and one of the foremost experts on cross-border taxation and regulation, is leading this fight to enforce borders as limits on state power.



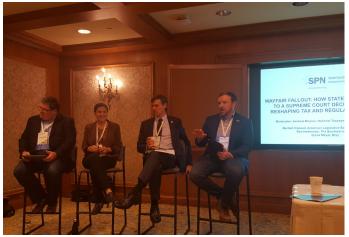
Andrew Moylan testifying before the House Judiciary Committee on the Supreme Court decision in the South Dakota v. Wayfair case.

Unfortunately, Wayfair has given states the green light to tax any business, anywhere in the country, simply for daring to use the internet to access a nationwide market. Following up on an amicus brief we filed in December of 2017 arguing against South Dakota's petition for certiorari, we filed a highly-regarded second amicus brief in this landmark Supreme Court case this past spring. We were fortunate to have Paul Clement and his team at Kirkland & Ellis as our counsel of record. Mr. Clement is a former

Solicitor General of the United States and arguably the most prominent Supreme Court litigator in the country, having argued such landmark cases as NFIB v. Sebelius and McDonald v. Chicago.

ICI has cemented NTUF's reputation as an authority on the dangers of taxation and regulation across state borders, creating numerous media engagement opportunities. In the flurry of coverage around the Wayfair decision, outlets such as The Wall Street Journal, The Hill, Politico, Bloomberg, and NBC News cited our commentary on state tax power unbounded by geography. Our team produced opeds in national publications such as The American Spectator, RealClearPolicy, and the Washington Examiner and in influential local papers like the Wisconsin State Journal and Florida's The Capitolist.

Furthermore, the NTUF team has worked directly with legislators and policy influencers at both the federal and state level. Mr. Moylan spoke to state legislators at the ALEC meeting in August, and the State Policy Network asked him to host a special panel on Wayfair at its Annual Meeting in October. And on July 24th, Mr. Moylan was called to testify before the House Judiciary Committee in a key hearing on Wayfair's ramifications for consumers and small businesses. Finally, we also wrote a key paper laying out potential federal legislative responses to the case, including ideas that provided the basis for a bipartisan bill introduced by Representative Jim Sensenbrenner (R-WI).



Andrew Moylan hosting a panel on Wayfair at the annual State Policy Network conference in October.

#### Free Trade Initiative

new Free Trade Initiative (FTI). In December of 2017, we were fortunate to have Bryan Riley, a leading authority on trade and its economic impact, join our staff to lead FTI's work. Mr. Riley hit the ground running, orchestrating a letter to President Trump and Congress warning them against new protectionist trade policies. More than 1,100 economists joined us in this letter, including 15 Nobel laureates and former economic advisers to the Reagan, Clinton, Bush and Obama Administrations.

Working with our allies in the free market movement has been a great asset in spreading our free trade message. In April, Mr. Riley presented on the statelevel impact of the Trump Administration's trade policies at the ALEC Spring Task Force Summit in Grand Rapids, Michigan. We have also revitalized the Free Trade Working Group, a coalition of trade policy experts from free market organizations who come together to discuss the latest developments on trade policy issues. Our monthly meetings coordinate the efforts of and craft a consistent pro-free trade message across the conservative movement.



Bryan Riley testifying before the Senate Committee on Health, Education, Labor and Pensions regarding proposed and implemented auto tariffs.

FTI's blog posts and op-eds on the damaging impacts of tariffs and import taxes made a great impact during a tumultuous time for free trade. News sources across the ideological spectrum cited our work numerous times, including The New York Times, The Washington Post, The Hill, ABC News, and The Huffington Post. VICE on HBO Special Report featured our economists' letter opposing protectionist trade policies.

At the beginning of 2018, NTUF began work on our Outlets such as AutoWeek and Bloomberg News



reported on Mr. Riley's estimates of cost increases resulting from the Trump administration's proposed tariffs on imported automobiles. These calculations, ranging from \$1,262 to \$5,089 per vehicle depending upon several factors, formed the basis of Mr. Riley's remarks when he was called to testify before the Department of Commerce in July and again when he was invited to testify before the Senate Committee on Health, Education, Labor & Pensions in September.

### **Tax Policy**



NTU's top-performing tweet of 2018 garnered more than 43,000 impressions. After the passage of the historic Tax Cuts and Jobs Act (TCJA) in 2017, NTUF set about analyzing the legislation's impact and suggesting new reforms to further ease the burden on taxpayers. We crunched numbers to produce a more realistic "current policy" baseline that reflects the likely course of tax revenue and expenditures will take in the next ten years. We found that more than two-thirds of the additional \$3 trillion in expected deficits is due to higher spending, not to tax reform. We analyzed the impact of TCJA on the federal debt, underscoring the need for spending restraint. We also calculated the beneficial impact of post-TCJA stock buybacks to the average investor.

Moreover, NTUF's highly-anticipated annual Tax Complexity report once again brought to light the true costs of tax regulations placed on taxpayers. This paper regularly garners attention from media and lawmakers alike. Last year we determined that taxpayers spent a staggering 6.89 billion hours working on their tax returns in 2017 at a total cost of \$263 billion. White House and Treasury staff thanked us for the data our report provided, and the House Ways and Means Committee cited our study in a blog on the need for IRS reform.



In 2018 the NTU and NTUF communications team built on our success in the 2017 TCJA push to expand our profile in major broadcast, cable news, print, and radio networks. The addition of new projects like the Free Trade Initiative and the Interstate Commerce Initiative increased our visibility in diverse media outlets. Investments in our digital presence, namely an overhaul of our website and a rollout of new NTU



Bryan Riley testifying before the Department of Commerce on the Section 232 hearings for automobiles.

and NTUF visual branding, helped to further raise our profile.

In February, we brought on Kevin Glass as Vice President of Communications for NTU NTUF. A ten-year veteran of the journalism and communications industry, Glass immediately got to work positioning our experts as leading influencers and go-to sources for reporters on our specific policy beats, including tax, trade, commerce, and international tax policy. Members of the NTU and NTUF teams were interviewed and quoted in leading national publications, trade- and industry-specific publications, and leading local newspapers. The New York Times, The Washington Post, Politico, Bloomberg, the Associated Press, and more all interviewed and quoted NTU experts in 2018. The Hill even named NTU Executive Vice President Brandon Arnold to its Top Lobbyists of 2018 list.

Major television and radio news outlets featured our experts at the highest levels, from radio to TV to internet-based programs. These appearances included platforms such as ABC News, Fox News, CNBC, SiriusXM Radio, NRA News, Yahoo! Finance News, and many more. Senior Fellow Mattie Duppler earned high-profile hits across a wide range of platforms — including the politically influential #1 cable morning news show Fox & Friends.



Mattie Duppler on Fox and Friends on August 14, 2018.

Our staff published prolifically, placing more than 100 op-eds in publications around the country. USA Today directly called on NTU President Pete Sepp to rebut the editorial board on their misguided tax policy op-ed. Other NTU experts wrote for leading national outlets like The Washington Post and U.S. News and World Report, as well as some of the best state and local papers around the country such as the Denver Post, the Bangor Daily News, the St. Louis Post-Dispatch, and more.

To accompany our elevated visibility, NTU and NTUF updated our brand's image with the launch of a new website and redesigned logos in June. The updated website ensures that our commentary and research are more readily accessible, and the new logos have the appropriate look and feel for established organizations with long policymaking histories.





This upgrade is just another example of how NTU and NTUF are seeking more media engagement to showcase ourselves on the world stage. The new website has received wide praise from our nonprofit allies, conservatives in D.C., and operatives on Capitol Hill for being a better platform for NTU's message.

We ran a number of specialized campaigns for some of the big issues that NTU worked in 2018. For example, the publication of our Free Trade Initiative letter signed by over 1,000 economists, including 15 Nobel Prize winners, not only provided the basis for an event at the National Press Club, but amassed remarkable media coverage across a wide variety of outlets. Bloomberg, Quartz, The Guardian, Business Insider, The Hill, and The Huffington Post covered the letter, and outlets such as CBC News and Fox Business Network discussed it on the air. This was just one of many communications rollouts we organized this year—we also orchestrated major media pushes for our work on the Farm Bill, free trade, health care policy, tax threats from abroad, and more.

We were able to leverage our social media presence to run a number of campaigns on Facebook and Twitter. Our fights for consumer choice and taxpayer protection in the telecommunications and contact lens market netted hundreds of thousands of impressions. We also leveraged our individual policy experts on social media to increase our digital footprint. For example, early in 2018 Bryan Riley quoted President Reagan on trade policy in a tweet that received more than 3 *million* impressions.



The launch of NTU and NTUF's newly redesigned logos this year meant we had the opportunity to create highly effective communication materials.

2018 was a year of growth, addition, and opportunities for our communications team. We pushed our protaxpayer messages not only to the highest levels of print, broadcast, and cable news media, but to the most influential local and ideological outlets as well. Together with our project publications, NTU and NTUF's new branding will help springboard our fiscal message in 2019 and beyond.



NTU Executive Vice President Brandon Arnold on Cavuto Coast to Coast on October 18, 2018.



Mattie Duppler on CNBC Worldwide Exchange on November 8, 2018.



### The Washington Post

"It's time to tap the true potential of Maryland's breweries" Op-ed by Brandon Arnold



"Supreme Cout rules states can require online retailers to collect sales tax" Andrew Moylan, Quoted

### 🔛 ST. LOUIS POST-DISPATCH

"Missouri pays for Trump adviser's failed trade strategy" Op-ed by Bryan Riley

### THE DENVER POST

"Voters should reject a \$1.6 billion tax hike" Op-ed by Thomas Aiello



"Despite Trump's tough talk, trade gap widens to 9-year high" Bryan Riley, Quoted



"U.S. Named World's Most Competitive Economy" TV Interview with Mattie Duppler

# YAHOO!

"U.S. Stocks Fall As Turkey's Financial Woes Continue" TV Interview with Mattie Duppler



"New tariffs bad news for economy, consumers" Op-ed by Andrew Wilford

## The New York Times

"Republican Lawmaker Floats Bill to Expand Trump's Tariff Powers" Brandon Arnold, Quoted



"Question Over Onlines
Sales Tax"
TV Interview With
Andrew Moylan



"Trump Vs. Obama"
TV Interview with Mattie Duppler



"GOP in Dark After Trump Floats Phantom Tax Cut" Interview with Mattie Duppler





"A Democratic Majority Could Milk Trump's Trade Pact" Brandon Arnold, Quoted

### The Washington Post

"Why you have an extra day to file your tax returns" Pete Sepp, Quoted



"1,140 Economists Warn Trump Not To Make Great Depression Mistakes" Bryan Riley, Quoted



"Trade Talkes with China End as New Tariffs Kick In" TV Interview with Mattie Duppler



Pete Sepp, Radio Interview

"Efforts to curb subsidies in farm bill fall short" Nan Swift, Quoted

# **Bloomberg**

"Trade, Tariffs, and Tedium: A Year at the Front of NAFTA Talks" Bryan Riley, Quoted

### **不到 News**

"The Realities Of Trump's Trade War: VICE on HBO Special Report" NTU Economist Letter Cited



"With Trump's pick in charge, can taxpayers trust the IRS?" Op-ed by Mattie Duppler



"America's New Sales Tax Mess" Op-ed by Andrew Wilford

"The Right Import Tax is Zero"

Op-ed By Bryan Riley

## RealClear Politics

"New Internet Tax Should Be DOA In Congress" Op-ed by Andrew Moylan



"Trump's bet on trade and tariffs could hurt Republicans in November" Op-ed by Brandon Arnold



**USA TODAY** 

"Maine's economy cannot afford Question 1's tax hike" Op-ed by Thomas Aiello

"Add more reforms to the nation's tax code" Op-ed by Pete Sepp



