



January 30, 2019

The Honorable Steven T. Mnuchin
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Mnuchin,

We, the undersigned organizations promoting free markets and conservative policy, urge you to keep your commitments of simplifying the tax code and providing relief to all individuals and businesses at the forefront of future tax reform discussions. This means guaranteeing that loopholes, particularly the insurance tax-haven loophole, are not resurrected at the expense of reduced income-tax rates.

As advocates for free enterprise, we work to ease the tax burden that stifles economic growth and harms the American people. We commend you for standing firm on the principle of lower taxes for all Americans during the formation and public discussion over the Tax Cuts and Jobs Act. The great success of tax reform is due, in part, to Congress and the administration nixing most tax exemptions for lower rates across the board. Thanks to your leadership, all Americans – from single, blue-collar mothers to America’s most successful entrepreneurs – have benefited from the most comprehensive tax relief package since 1986.

However, it has come to our attention that certain groups are now, whether intentionally or not, working to undermine your historic achievement. These groups are lobbying to bring back many of the special-interest loopholes the administration eliminated as a means of reducing individual and corporate

income tax brackets. One of the most egregious examples is the mounting pressure from foreign-owned/foreign-based insurance companies to secure a competitive advantage over U.S. based companies. These foreign-based entities want to shift billions of dollars offshore without incurring U.S. tax.

These companies are advocating for the resurrection of the insurance tax-haven loophole—a provision that would weaken the American economy by reducing U.S. competitiveness and reinstating a de facto regulatory scheme that hurts American businesses.

When the tax-haven loophole existed, foreign companies were not only permitted but incentivized to transfer their assets overseas to clear themselves of U.S. tax liabilities. The loophole created a crony mechanism that granted these companies a government-protected advantage over their American competitors. Several dozen U.S. companies moved overseas, in large part, because of the preferential treatment this provision gave their foreign competitors. Its elimination has already succeeded in bringing some of these companies back home.

Working families, startups, and other corporations were willing to abandon narrow loopholes for broader reform of lower rates and a simplified tax code. And it worked. The American economy is growing again.

We urge you to remain vigilant in opposing corporate cronyism.

Respectfully,

Andrew Langer
Institute for Liberty

Judson Phillips
Tea Party Nation

Chuck Muth
Citizen Outreach

George Landrith
Frontiers of Freedom

Tom Zawistowski
We the People Convention

Peter Ferrara
National Tax-Limitation
Committee

Kevin Kearns
U.S. Business and Industry
Council

Seton Motley
Less Government

Rick Manning
Americans for Limited
Government

Jerry Rogers
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