



July 19, 2017

The Honorable Peter Roskam
Tax Policy Subcommittee of the
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Lloyd Doggett
Tax Policy Subcommittee of the
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Dear Mr. Chairman and Mr. Doggett:

Please add these comments of The National Retail Federation (NRF) to the hearing record for the Tax Policy Subcommittee July 19 hearing on how tax reform will effect individuals and families.


The current impetus for tax reform has been fueled by the fact that the U.S. corporate tax rate is the highest in the industrialized world, which is driving investment out of the United States. Reducing the corporate tax rate can help increase U.S. investment, which should lead to better jobs and higher wages for families. However, the solution to reducing the corporate tax rate should not be to shift the tax burden to individuals and families through the imposition of a consumption tax.

Our retailers predict that they would have to raise price by approximately 15% to break even under the House Blueprint for tax reform because of the border adjustment tax (BAT). An NRF analysis of the plan predicts that the plan could cost the average family of four \$1700 in the first year alone, which includes a 35 cent increase in the cost of a gallon of gas. Hardest hit would be low and middle income consumers, especially those on fixed income.

NRF believes that business tax rate reduction can be achieved with base broadening and accounting for the impact of pro-growth tax policies on revenues, so-called “dynamic scoring.” Since the overall purpose of pro-growth tax reform should be to improve the standard of living of the American people, it would be counter-productive to include a consumption tax in that plan.

We appreciate the opportunity to continue to work with the Committee on pro-growth tax reform. The retail industry is a strong proponent of income tax reform. We believe that income tax reform that lowers the rates and broadens the tax base can provide economic growth for the economy as a whole and can be good for the American consumer. We understand that to achieve this type of tax reform, we must be willing to give up our “tax expenditures,” and we are willing to support such legislation. However, we do not believe that a new tax system that shifts the burden of taxation to the consumer is good for our industry, which is the nation’s largest employer, or good for the American consumer. We urge you to reject the border adjustment tax (BAT) and adopt an income tax reform proposal that does not shift the tax burden to consumers.

Sincerely,



David French
Senior Vice President
Government Relations

cc: Ways and Means Subcommittee on Tax Policy