End Historic Out-of-Control Inflation

Ask Americans across the country about their greatest economic concern, and the answer is immediate: inflation. Their concerns are warranted. Price increases are everywhere. Inflation is running at 40-year highs and showing no sign of a quick return to normalcy. The average worker has lost more than four percent of his or her purchasing power even after considering wage gains, resulting in a substantial inflation tax that falls most heavily on vulnerable Americans— especially seniors living on fixed incomes. It is thus little surprise that consumer confidence has reached historic lows.

Just last year, the current administration was discounting inflation as a fleeting force that was confined to only a few sectors. When reality refused to comply with the narrative as inflation proved widespread and persistent, the administration pivoted to distracting Americans with catchy slogans like the "Putin price hike" and blaming "greedy" businesses. But the data tells a different story.

Before the passage of the $1.9 trillion stimulus bill, the American Rescue Plan Act (ARPA), inflation was running below two percent. However, just three months after the passage of ARPA, inflation surpassed five percent and continued climbing to well over nine percent—the highest reading in four decades. Many progressives would have people believe the timing is a coincidence—that companies suddenly became greedy and that the large run-up in gas prices several months before Putin's invasion of Ukraine had nothing to do with the Left's war on energy. Common sense and research say otherwise, with vast federal overspending contributing significantly to inflation.

The current administration's approach to taming inflation has been all over the board, vacillating from punting the ball entirely to the Federal Reserve to, more recently, passing an Orwellian-named "Inflation Reduction Act." This act makes the Federal Reserve's job more difficult by adding even more artificial stimulus to the economy while taking production offline through supply-crimping tax hikes. As a result, Americans are now suffering from rapidly rising borrowing costs as the Federal Reserve exacts painful rate hikes to curb inflation in the face of vast fiscal excess.

The America First solution relies on two pillars. First, the federal government must stop overstimulating demand, which it can do with a return to fiscal responsibility and restrained federal spending. Second, pro-growth policies can increase economic supply. If inflation is too much money chasing too few goods, one way to provide relief without risking recession is to encourage more production of goods and services. Doing so will require reversing the current regulatory onslaught on energy and implementing pro-work policies—such as making the 2017 Tax Cuts and Jobs Act permanent—to bring workers back off the sidelines after the federal government spent the past year and a half restricting people's incentive and ability to work.

Together, promoting greater economic supply and ending the overstimulation of demand can help bring inflation back under control, allowing America to return to the prosperous years of low inflation and strong growth it enjoyed just a few years ago.

THE FACTS

- ★ Inflation reached a 40-year high of 9.1% in June 2022 and is still well over 8%. Before passage of the American Rescue Plan Act, inflation was below 2%.
- ★ Gas prices in October 2022 are $1.39 higher than they were in January 2021 and are near the same level

they were at in February 2022 before Putin invaded Ukraine.

- ★ The average American worker has seen a 4.1% decline in purchasing power, and seniors living on fixed incomes are even more affected.
- ★ The Congressional Budget Office projects a 10% increase in 2022 and 2023 in the share of Social Security benefits subject to taxation as a result of a lack of inflation indexation.

THE AMERICA FIRST AGENDA

- ★ Restrain federal spending and move gradually toward a balanced budget.
- ★ Pursue pro-work tax policies such as making the 2017 Tax Cuts and Jobs Act permanent.
- ★ Remove unnecessary regulations that are unrelated to genuine health and safety concerns that restrict people's ability to work.
- ★ Prioritize paychecks over government checks by combatting fraud in government transfer programs and ensuring that government assistance is not more lucrative than a job.
- ★ Ensure work requirements for able-bodied Americans receiving federal assistance.
- ★ Reverse the current administration's war on fossil fuels and the regulatory onslaught against American energy, making it easier—not harder—to get timely permits for drilling and refining.
- ★ Reinforce the primacy of price stability in the Federal Reserve's dual mandate.
- ★ Resist attempts at mission creep in the Federal Reserve that would distract from the monetary tightening needed to stamp out high inflation. Issues unrelated to monetary policy, including climate and equity, should not fall under the Federal Reserve's purview.

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Fight for American Workers and Their Wages

American workers are the heart and soul of our Nation's greatness, and they put the U.S. at the forefront of innovation, entrepreneurship, and industry.

From 2017 to 2019, the American workforce helped create one of the most robust economies in U.S. history. In that period, America gained seven million jobs—more than three times what experts projected—and enjoyed the lowest unemployment rate in half a century. Middle-class family income rose by nearly $5,000—with low-income and blue-collar workers experiencing the largest gains. Income inequality fell for two straight years, and the bottom half of households saw their net worth jump by 40%.

Juxtapose these accomplishments with the problems our country is now facing. With inflation at 40-year highs and GDP shrinking in the first and second quarters of 2022, workers are losing purchasing power and staring down the barrel of another recession. Yet the current administration presses on with the same radical ideological agenda—as enshrined both in its American Rescue Plan Act and the "Inflation Reduction Act"—of dismantling the value of work in favor of a cradle-to-grave entitlement state that puts government at the center of a weakened economy.

The path to rebuilding the economic prosperity that prevailed from 2017 to 2019 relies on prioritizing the interests of American workers and tackling the headwinds that they face. These adverse forces range from artificial regulatory barriers that impede workers' choice of where to live and how to make a living to taxes that remain too high and drain resources from workers that they could otherwise use to direct their lives and invest in career-preparedness.

At a time of rapid technological and global economic change, adaptability and resilience will prove key to keeping workers attached to the labor force and able to access ladders of opportunity after episodes of disruption. Gone are the days when workers can count on spending their entire careers in the same industry or occupation. And gone must be the days when workers knocked off their feet by winds of change are left to wither on the sidelines in a perpetual state of government dependence and lack of economic purpose.

The America First vision recognizes that, even if a worker's current skills become obsolete, their dignity and ability to make valuable economic contributions never become obsolete. Traditional workforce development policies fail by being reactive and backward-looking—responding to the economy of yesterday and only engaging workers once already in crisis. What is needed is a modernized approach to workforce development that prepares workers in advance for a continuously evolving economy, allowing them to be ready for disruption before it arrives.

Central to this approach is tearing down barriers to economic mobility such as inflated education requirements and unjustified occupational licensing rules not related to health and safety. These barriers are often little more than an attempt by professional cartels to limit competition and restrict entry to certain professions. With a workforce training landscape modernized based on a vision of lifelong learning and resilience, American workers will be equipped with the adaptability and freedom to thrive.

THE FACTS

★ Workers saw record-high median income gains, 50-year lows for unemployment, and record low poverty for all demographic groups during the previous administration before the arrival of the COVID-19 pandemic.

- ★ Under the current administration, the average American worker has lost 4.1% of his purchasing power and paid an inflation tax of more than $2,000 since inflation began taking off in 2021.
- ★ Labor force participation is a percentage point below its pre-COVID-19 rate for all workers and 0.2 percentage points down for prime-age (25-54-year-old) workers.
- ★ The share of jobs with government occupational license requirements has risen from 5% in the 1950s to 25-30%, accounting for 2.85 million lost jobs and $200 billion in higher prices.

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

- ★ Prevent federal agencies and contractors from imposing inflated education credentialing requirements that filter out workers with the requisite skills and experience.
- ★ Destigmatize vocational education and level the playing field by diversifying higher education and job training funding.

At the state level, support policies that:

- ★ Reorient higher education and job training funding to include vocational education and other alternative pathways.
- ★ Enact occupational licensing reforms that lower barriers to entry and competition while also advancing bona fide health and safety protections.
- ★ Facilitate access to reskilling opportunities that enable lifelong learning and prepare workers to better weather disruption from a continuously evolving economy.
- ★ Forge close private-public partnerships to ensure that government education and training programs provide workers with marketable skills.

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Negotiate Trade Deals that Protect American Workers and Consumers, and Protect our National Security

Starting in 2017, the United States undertook a paradigm shift in trade policy to embark on a new commitment to putting American workers, farmers, ranchers, and businesses first and no longer allowing other nations to take advantage of the international trade system. Prior to this shift, our leaders consistently failed to protect American interests and allowed the U.S. to be placed at a strategic disadvantage, standing idly by as key American jobs and industries were hollowed out and economic opportunities were shifted abroad.

An America First approach to trade means pursuing and enforcing policies that result in a level playing field for American businesses and workers to compete on the world stage. This vision recognizes that free, fair, reciprocal, and balanced trade is a fundamental pillar of a pro-growth economic policy agenda as well as a requirement for American strength and economic security. In the context of the COVID-19 pandemic and global geopolitical uncertainty, now is the time for the U.S. to double down on this vision with the aim of increasing manufacturing capacity and investment in North America.

The Trump Administration put this trade vision into action by working to renegotiate and rebalance trade relationships to better benefit the American people. Doing so meant holding other nations accountable by aggressively enforcing trade laws and addressing unfair trade practices, and by reevaluating international institutions to ensure that they are serving their intended purpose and are not being manipulated at America's expense.

An America First approach to free, fair, and balanced trade negotiations resulted in groundbreaking, modernized trade agreements, including the United States- Mexico-Canada Agreement (USMCA), the China Phase One Agreement, the U.S.-Japan Trade and Digital Trade Agreements, and the U.S.-Korea Free Trade Agreement. Each of these agreements aggressively pushed for American interests such as increased market access. The historic economic prosperity and blue-collar boom that swept through the country in their wake are a testament to the positive impact of this America First approach.

The USMCA addressed the failures of the North American Free Trade Agreement (NAFTA) through critical provisions for automobile manufacturing, better market access for agricultural products, and huge advancements in labor protections, digital trade provisions, and a first-of- its-kind environmental chapter. This was the first significant trade agreement to pass the United States Congress with an overwhelming majority from both parties.

The Phase One trade agreement with China also represented a critical advancement in the approach of the U.S. to international trade. This agreement confronted China's longstanding unfair trade practices by requiring real structural changes regarding intellectual property protection, technology transfer, agricultural standards, financial services, and currency. At the same time, the U.S. maintained leverage by keeping significant tariffs on hundreds of billions of dollars in imports.

Strong, modernized agreements are a crucial step for American trade policy, but they mean little if they are not both enforceable and enforced. The Trump Administration took a strong enforcement stance by using all tools at its disposal—including tariffs where appropriate to combat abuses—instead of just relying on litigation at institutions such as the World Trade Organization (WTO) that have failed to fully address violations and protect American interests.

Under the Trump Administration, the U.S. also expanded the use of Section 301 of the Trade Act of 1974 to investigate and take action to protect U.S. rights under trade agreements and respond to certain foreign trade practices. The Administration also used Section 232 of the Trade Expansion Act specifically to address national security threats.

No case of failures and manipulation of the international trade system is more obvious than that of China. China has consistently engaged in flagrant trade violations, which range from forced technology transfer to its widespread state-led market distortions that harm American industries and workers, all while enjoying the benefits of membership in the World Trade Organization.

Under the Trump Administration, the U.S. acted on longstanding failures to address China's bad behavior through investigations under Section 301 and Section 232— the first administration to use these provisions to massively confront China's unfair trade practices—as well as through pursuing a modernized and enforceable agreement. The Trump Administration was also the first to pursue an environmental enforcement case under our free trade agreements.

It has also become clear that, beyond enforcement of trade laws and development of enforceable agreements, the U.S. must continue to reevaluate its role in international organizations. Our Nation must ensure that these organizations are used for their intended purposes and are not manipulated to the advantage of our adversaries and to the detriment of our workers and businesses.

The Trump Administration made working with our partners to address longstanding concerns about the WTO a key trade priority. This included the first comprehensive study of the Appellate Body, which detailed several failures, including overreach of the body at the expense of the U.S. and other member states, erroneous interpretations of members' rights and obligations under WTO agreements, and failure of the dispute system to adequately address challenges. The report also included efforts to increase transparency, address chronic non-compliance, and update designations so the WTO can reflect current economic realities. This is a step in the right direction to ensure that U.S. support of and participation in international institutions align with America's interests, and more broadly, with free- and fair-trade principles.

Going forward, we cannot afford to move away from the America First trade approach and return to the old status quo. Americans deserve a trade policy in which the U.S. fights for them, ensuring the rules are transparent and enforced, and allowing Americans the opportunity to compete and prosper in the world arena. American leaders must put Americans first in creating a future of free, fair, and reciprocal trade.

THE FACTS

- ★ The U.S. trade deficit with the world grew to more than
- ★ $1 trillion in 2021, more than doubling on an annual basis over the past two decades. This decades-long trend of increasing deficits cumulatively represents a transfer of trillions of dollars of American wealth to other countries, with a large share going to China.
- ★ More than 60,000 American factories were shut down in the decades following the implementation of NAFTA in 1994 and China's accession to the WTO in 2001. At the same time, America lost one in four manufacturing jobs, with research finding a strong link between these losses and the normalization of trade relations with China.
- ★ China's intellectual property theft is estimated to cost America anywhere from $225 to $600 billion annually in counterfeit goods, pirated software, and stolen trade secrets.
- ★ 15,000 manufacturing jobs were lost in 2016, while the American economy gained nearly 500,000 of such jobs from 2017 to 2020.
- ★ The USMCA is projected to create 176,000 American jobs, increase U.S. GDP by

approximately $70 billion, and boost agricultural exports by $2.2 billion by 2026.

- ★ Under the U.S.-Japan Trade Agreement and the U.S.- Japan Digital Trade Agreement, more than 90% of U.S food and agricultural products imported into Japan will either be duty-free or receive preferential tariff access, and new digital trade rules cover $40 billion in trade.
- ★ During the Trump Administration, a pledge from the EU to eliminate tariffs on American lobster was the first U.S.- EU negotiated tariff reduction in more than 20 years.

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

- ★ Impose tariffs where appropriate to support American workers and counter unfair practices that lead to distorted and unbalanced trade.
- ★ Use the full range of trade tools available and aggressively enforce existing trade laws and deals, ensuring that our trade partners play by the rules. This includes the potential use of Section 232 of the Trade Expansion Act of 1962 and Section 301 of the Trade Act of 1974, as well as other authorities for trade enforcement.
- ★ Ensure that the Phase One trade agreement with China is fully enforced, and maintain elevated tariffs on Chinese goods.
- ★ Support American industries, including agriculture, with a clear and resounding policy when other nations unfairly retaliate against them.
- ★ Reject misguided trade agreements such as the Trans-Pacific Partnership that ignore the lessons of the last three decades by failing to boost U.S. exports, encouraging offshoring of American jobs, weakening our supply chains, and doing nothing to improve U.S. security.
- ★ Strategically pursue balanced, modernized, and worker- oriented agreements such as the USMCA that benefit all Americans. Ensure that economic and national security considerations are taken into account when selecting partners for future agreements, and build on key innovations such as enforceable environmental and labor chapters and modernized digital provisions.
- ★ Reevaluate the role of the U.S. in international institutions and challenge the status quo when it is not in our Nation's interests.
    - ★ At the WTO, this means changing an outdated tariff framework that no longer reflects deliberate policy choices and fails American workers, as well as closely scrutinizing the WTO's budget to ensure accountability.

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Make the Tax Cuts and Jobs Act Permanent

The American people are known for their incredible talent and work ethic, but high taxes can stifle their industrious spirit and make it difficult for them to support their families and their communities. The antidote is to lower taxes and enable individuals to lift up themselves, their families, and their neighbors as they pursue their unique version of the American Dream.

The passage of the Tax Cuts and Jobs Act (TCJA) in 2017 was a key driver of a much-needed American economic renaissance. This achievement came after several years of slow growth and malaise that characterized the anemic recovery from the 2007-09 Great Recession. From 2017 to 2019, the economy responded to this pro-growth tax reform package by delivering historic income gains and poverty reduction. These results touched every corner of the economy, bringing opportunity to more regions and to people who were previously left on the sidelines.

The adoption of the TCJA achieved long-overdue reforms to make American businesses more globally competitive by reducing the corporate income tax rate from 35% to 21%. It also provided long-overdue relief to families and small businesses by reducing marginal individual income tax rates. Additionally, the TCJA implemented a fiscally responsible $10,000 limit on the state and local tax deduction that previously acted as a major federal subsidy to high-income individuals living in spendthrift states and localities.

These substantive changes in corporate and individual tax policies helped reorient our economy to incentivize business capital investment and accelerate real GDP growth. The resulting increase in productivity growth led to durable, non-inflationary economic prosperity.

A historic blue-collar boom lifted 6.6 million people out of poverty between 2017 and 2019, the largest three-year reduction to start any presidency in more than 50 years. And the poverty rate fell to an all-time low of 10.5% in 2019, including significant declines for minority populations.

A handful of TCJA's provisions are slated to expire under current law, while others have been targeted by the Left for repeal, as evidenced by the minimum book tax in the recently-passed Inflation Reduction Act. Making TCJA permanent would aid America's economic recovery by reducing business uncertainty, boosting investment, and helping the American worker.

Unfortunately, rather than pushing to make TCJA permanent and continuing this proven blueprint for economic success, the Left is crippling the post-COVID recovery and hurting American families, workers, and businesses. The American Rescue Plan Act passed in March 2021 cost $1.9 trillion, flooded the economy with deficit- financed cash, and helped spark the worst bout of inflation in 40 years. By June 2022, the inflation rate surpassed 9% and remains well above 8%. In comparison, the year-over-year inflation rate was less than 2% prior to its passage.

Furthermore, the administration's budget proposal for fiscal year 2023 would undo elements of the TCJA and raise taxes by $2.5 trillion over the next decade. This would erase the 10-year tax cut provided by the TCJA and then some, thereby weakening America's prospects for recovery and growth.

THE FACTS

Under the Tax Cuts and Jobs Act:

- ★ Unemployment fell to a 50-year low of 3.5% in February 2020, and more jobs were available than individuals unemployed.

- ★ The female unemployment rate hit its lowest rate in nearly 70 years before the pandemic.
- ★ Incomes soared by $5,000 between 2017 and 2019, with income growth setting an all-time record in 2019.
- ★ American households in the bottom 50% of the socioeconomic scale saw a 40% increase in their real net worth, while wages grew fastest for low-income and blue-collar workers.
- ★ The U.S. experienced fast, non-inflationary growth, with inflation rising less than 2% in 2019, defying many forecasters' expectations.

After 21 months of the current administration's economic policies:

- ★ GDP contracted at an annual rate of 1.6% in the first quarter of 2022 and 0.6% in the second quarter, putting the U.S. economy on the precipice of a recession.
- ★ Inflation hit a 40-year high of 9.1% in June 2022.
- ★ Americans are now paying record prices for gas and other necessities.

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

- ★ Make TCJA permanent through congressional action.
- ★ Lower corporate tax rates and reduce tax rates on Americans' paychecks and small business income to incentivize work and investment.
- ★ Oppose ongoing efforts to hike taxes, surrender America's economic sovereignty to multilateral institutions through tax "harmonization," and implement universal basic income style schemes.

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Build Supply Chains that Rely Only on American Workers and Our Allies

Global supply chains can lower costs for consumers, but they also open up the U.S. to substantial risks if those supply chains are not resilient in the face of natural disasters, economic shocks, and geopolitical turmoil. These risks become especially salient if America's supply chains are concentrated in foreign countries with hostile or unreliable governments. The ongoing semiconductor shortage is just one manifestation of the problem of having concentrated foreign supply chains that are not nimble enough to adapt quickly to sudden changes in circumstances.

More broadly, the backlogs plaguing the economy since the onset of the COVID-19 pandemic and the economic blackmail perpetrated by Russia as it seeks to block Ukrainian agricultural exports reveal that America's supply chains are vulnerable and in need of strengthening. Now more than ever, the U.S. must build supply chains that rely solely on our Nation's workers and our allies.

When the COVID-19 pandemic arrived on American shores in 2020, it exposed the urgency of our supply chain vulnerabilities, which are traced in part to a dangerous dependence on unfriendly governments. China—one of America's leading foreign suppliers of medical equipment— announced export restrictions on such equipment during the pandemic at precisely the time it was most in demand.

Labor shortages and adverse weather events have also fueled supply chain problems, such as in the case of lumber. Coronavirus-related mill closures helped fuel record lumber price increases in the face of unanticipated high demand, which were then exacerbated by massive flooding in Canada—one of our leading suppliers of lumber. These events reveal the importance of supply chain diversification.

Our government's policies are now aggravating this already challenging situation by straining supply chains from both sides. Most prominently, the $1.9 trillion American Rescue Plan Act overstimulated the demand for goods while simultaneously crimping supply by disincentivizing work. It did so through providing excessively generous unemployment benefits and a Child Tax Credit stripped of longstanding bipartisan work requirements. COVID-19 mandates further complicated the labor shortage issues behind supply chain disruptions.

It is not too late for our country to turn things around and secure our supply chains. By making permanent the pro-growth tax reforms that unleashed record prosperity from 2017 until the pandemic began, encouraging more Americans to join the labor force, reducing the regulatory burden on producers—especially in the area of energy—and making strategic investments in hard infrastructure, we can ensure that we are not dependent on other countries for our most important goods.

THE FACTS

- ★ Approximately 70% of S&P 500 companies cited the supply chain as a negative factor in their third quarter earnings reports last year.
- ★ 40% of all U.S. seaborne imports flow through ports in Los Angeles and Long Beach, California. Both ports are experiencing unprecedented traffic volume and extended delays.

- ★ Heightened goods consumption arising during the pandemic resulted in the U.S. trade deficit for goods surpassing $1 trillion for the first time in 2021—an increase of 21% over 2020. This increased the reliance of our supply chain on overseas producers.

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

- ★ Permanently allow immediate expensing of investment and keep the corporate income tax rate at a low, globally competitive level.
- ★ Hasten approval of new oil and gas drilling permits on federal land, and open additional areas of federal land to drilling leases.
- ★ Build the Keystone Pipeline.
- ★ Repeal laws and regulations that restrict the use of waterways for transporting goods domestically.
- ★ Expedite the modernization of America's ports and the creation of liquefied natural gas terminals.
- ★ Reorient trade policies to encourage domestic manufacturing and enhance reshoring and near-shoring.

At the state level, support policies that:

- ★ Facilitate greater labor mobility by outlawing noncompete agreements for most workers and recognizing out-of-state professional licenses.

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Build the World's Greatest Infrastructure System

America's infrastructure is the lifeblood that keeps our Nation's industry and commerce running. Infrastructure quite literally paves the way for economic opportunity and connectivity throughout the country.

One effective effort to improve American infrastructure involved regulatory reforms to the National Environmental Protection Act (NEPA) in 2017. These modernizations were designed to lower the timeline of approvals under NEPA from more than four years to just two, leading to an estimated $739 billion in benefits from infrastructure projects over a 10-year horizon, according to the Council of Economic Advisers.

Unfortunately, the current administration repealed the "One Federal Decision" Executive Order 13807, ending this streamlined policy environment that aided in the rebuilding of America's aging infrastructure. As a result of reversing these NEPA modernizations, America has now returned to the policy regime that prevailed as it became one of the most expensive places in the world to build infrastructure.

Additionally, Environmental, Social, and Governance (ESG) activism residing at the nexus of big government and woke corporations is further entangling American infrastructure in special interests. The SEC's proposed rule to mandate new environmental disclosures would entrench the Left's "build-nothing" philosophy and threaten to stop infrastructure development in its tracks.

In contrast to the recent return to outdated policies, private businesses have stepped into the void to pioneer innovative ways to bring American infrastructure into the 21st century. For example, proposed hyperloop projects would dramatically reduce ground transit times by more than a factor of 10, but with new technology comes the need to rethink outdated regulatory frameworks. Just as the advent of flight technology and drones raised the need to define property rights vertically into the air, high-speed private transit that relies on deep subterranean tunnelling will require America to define property rights vertically into the ground as they would for utility lines.

The technology and innovation chasm between the federal government and the private sector also points to the crucial role of public-private partnerships in advancing American infrastructure. To harness the greatest taxpayer benefit and avoid crony capitalism, the contracting process must be transparent and competitive. For example, with 5G, the federal government began in 2019 organizing auctions for commercial licenses to the electromagnetic spectrum.

America also needs modernization of its ports—sea, air, and space. For seaports, deep channels and round-the- clock automated cargo handling enable near frictionless trade, which is especially important to alleviate supply chain pressures. In the case of space, America has after years of stagnation once again moved to the technological frontier. This move has been buoyed by regulatory changes that provided greater clarity regarding property rights in space and by a willingness to engage in public-private partnerships instead of relying on NASA going it alone.

By modernizing regulatory frameworks, establishing property rights necessary for emergent technologies, and harnessing innovative public-private partnerships, America can revitalize its infrastructure for the 21st century.

THE FACTS

★ 12% of the 617,000 bridges in the U.S. are at least 80 years old.

★ 36% of U.S. bridges need major repair work or should be replaced.

★ At the current administration's pace, it would take 30 years to repair all of these bridges.

★ The inflation-adjusted cost per mile of interstate construction is more than three times now what it was in the 1960s, causing each infrastructure dollar to not go as far.

★ As of 2018, five of the 50 busiest seaports in the world were located in the U.S., compared to 16 in China, 10 of which were busier than the busiest port in America (Los Angeles).

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

★ Return decision-making to the state and local owners of infrastructure, allowing them to make choices based upon the individual needs of their communities.

★ Reinstate the NEPA reforms and apply the same approach to streamlining other regulations that unnecessarily impede permitting or add to project costs.

★ Establish well-defined property rights for the new domains that emergent technologies will rely upon.

★ Ensure that federal infrastructure dollars go toward fixing and building genuine "hard" infrastructure. These dollars should not be diluted by going toward welfare and entitlement spending that some on the Left have misleadingly labeled as "social" infrastructure.

At the state level, support policies that:

★ Encourage partnerships between public and private organizations to allow market forces to drive efficiencies to advance American infrastructure into the 21st century.

★ Ensure that funding priorities align with transparent cost- benefit analyses.

★ Where appropriate, explore options to ensure that heavy users of infrastructure shoulder their share of maintenance costs.

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Enhance Opportunity Zones to Strengthen America's Forgotten Communities

For decades, too many Americans have seen their jobs shipped away, their businesses leave, and their communities fall into a state of steady decline. To solve these problems, our Nation's policies must provide new opportunities and lift people out of poverty. A renewed focus on new investment that includes powerful tax incentives has the power to drive revitalization in America's forgotten communities.

The Opportunity Zones (OZs) program does just that. The 2017 Tax Cuts and Jobs Act established the OZs program to unleash investment, economic development, and job creation in distressed areas. This law empowered governors to select eligible low-income census tracts within their states where reinvestment of capital gains would receive favorable tax treatment to facilitate access to capital for local businesses and entrepreneurs. In total, 8,800 tracts across all 50 states, the District of Columbia, and Puerto Rico were designated as OZs.

The previous administration also established the White House Opportunity and Revitalization Council to advance many critical initiatives for underserved communities. This Council included 17 federal agencies tasked with supporting the administration's pledge to encourage public and private investment in urban and economically distressed areas, including those designated as OZs. This bold step demonstrated a focused commitment to lift our fellow Americans by harnessing federal resources and interagency cooperation at the highest levels.

Unfortunately, the current administration has taken little to no action to strengthen the positive momentum of the OZs initiative. In fact, it is possible that the proposed capital gains tax hikes could stall the initiative entirely. By raising the capital gains tax rate, funds invested into OZs could be pulled out early to avoid this tax increase. Our government must abandon this folly and embrace the pro-growth policies that have proven to be successful.

The OZs program creates three tax benefits. First, the incentives include a tiered federal capital gains tax deferral on investments made in these areas through what are known as Qualified Opportunity Zone Funds (QOFs). QOFs are an investment vehicle, like a partnership, that holds 90% or more of its assets in OZ property. Through QOFs, investors can delay or reduce their capital gains tax liability over time.

Second, OZs created a step-up in basis, which reduces the overall tax burden through increased eligible deductions for investments held in QOFs for at least five years. And third, OZ incentives include eliminating capital gains tax on investments maintained for at least 10 years.

By embracing the power of the OZs program, the government can lift up many forgotten Americans and help put our country back on a path to economic success.

THE FACTS

- ★ 32 million Americans live in the 8,829 economically distressed areas designated as OZs.
- ★ 28.9% of the population in economically disadvantaged OZs lives in poverty. This is more than double the 13.8% average poverty rate in non-OZ areas from 2012 to 2016.
- ★ Areas receiving an OZ designation were in worse states of decline from 2000 to 2016. These areas experienced an 11% drop in real median household income compared to only 6% for places

not designated as OZs.

- ★ Homeowners in OZs are expected to gain $11 billion in new wealth through increased property values because of the OZ designation.
- ★ An estimated one million people could be lifted out of poverty through investment brought by the OZ incentives.
- ★ More than 1.2 million jobs are expected to be created because of the OZ designation.

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

- ★ Expand the OZs program to allow American taxpayers to receive favorable tax treatment when they invest some of their paycheck income in QOFs.

At the state level, support policies that:

- ★ Create complementary state-level OZ incentives that boost the pro-growth, poverty-alleviation incentives of the federal OZ program.
- ★ Remove unnecessary, cumbersome, and duplicative policies that hinder economic development, such as excessive occupational licensing policies, hefty tax incentives, and excessive environmental, business, and development regulations.
- ★ Release "how-to" manuals for mass distribution to guide potential investors through the opaque process of investing in QOFs, which ultimately translates into OZ growth and development.

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