

December 12, 2017

The Honorable Steven Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Mnuchin:

I am writing to seek more information about the utterly inadequate and unsubstantiated “analysis” of the Republican tax bill that the Treasury Department released yesterday, and to urge you to cooperate fully with the Inspector General’s ongoing investigation into the Treasury Department’s work on this issue.

In September, you claimed that the Republican tax plan would “not only...pay for itself, but it will pay down debt.”<sup>1</sup> You asserted that more than 100 people were “working around the clock on running scenarios for us” to show that the corporate tax cuts would pay for themselves.<sup>2</sup> And you “promised that Treasury will release its analysis[.]”<sup>3</sup>

Last week, reports emerged that the Treasury Department had yet to release an economic analysis showing that the corporate tax cuts would pay for themselves “because one did not exist.”<sup>4</sup> Reportedly, the non-partisan experts at the Department’s Office of Tax Policy (OTP) were “not working on the type of detailed analysis” that you had described, and “career employees ha[d] been largely shut out of the process.”<sup>5</sup> Based on these reports, I asked the Inspector General of the Treasury Department to investigate what had happened to the promised analysis, and the Inspector General opened an investigation on November 30<sup>th</sup>.

Yesterday, the Treasury Department released a one-page “analysis” that purported to estimate the growth and revenue effects of the “Senate Finance tax reform plan.”<sup>6</sup> Yet there was

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<sup>1</sup> Kate Davidson, “Treasury Secretary Steven Mnuchin: GOP Tax Plan Would More Than Offset Its Cost,” *Wall Street Journal* (Sept. 28, 2017) (online at <https://www.wsj.com/articles/treasury-secretary-steven-mnuchin-gop-tax-plan-would-more-than-offset-its-cost-1506626980>).

<sup>2</sup> Alan Rappeport, “Ahead of Vote, Promised Treasury Analysis of Tax Bill Proves Elusive,” *New York Times* (Nov. 30, 2017) (online at [https://www.nytimes.com/2017/11/30/us/politics/treasury-analysis-tax-bill.html?rref=collection%2Fsectioncollection%2Fpolitics&action=click&contentCollection=politics&region=stream&module=stream\\_unit&version=latest&contentPlacement=4&pgtype=sectionfront&\\_r=0](https://www.nytimes.com/2017/11/30/us/politics/treasury-analysis-tax-bill.html?rref=collection%2Fsectioncollection%2Fpolitics&action=click&contentCollection=politics&region=stream&module=stream_unit&version=latest&contentPlacement=4&pgtype=sectionfront&_r=0)).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> “Analysis of Growth and Revenue Estimated Based on the U.S. Senate Committee on Finance Tax Reform Plan,” *Department of the Treasury* (Dec. 11, 2017) (online at <https://www.treasury.gov/press-center/press-releases/Documents/TreasuryGrowthMemo12-11-17.pdf>).

no actual analysis of how the Republican tax plan would affect growth. Instead, the one-page report latched onto the Trump Administration's earlier unsubstantiated assertion that its policies would increase annual GDP growth from 2.2% to 2.9%, and claimed that "Treasury expects approximately half of this 0.7% increase in growth to come from changes to corporate taxation."<sup>7</sup> The report provided no supporting economic analysis for this claim, and its attribution to "Treasury" rather than the non-partisan experts at the "Office of Tax Policy" suggests that this growth projection came from the Department's political appointees rather than its economic experts.

The one-page report also admitted that the tax plan would not pay for itself because some portion of the growth needed to achieve revenue neutrality would come from "a combination of regulatory reform, infrastructure development, and welfare reform as proposed in the Administration's Fiscal Year 2018 budget."<sup>8</sup> These proposals have not even been introduced in Congress – and may well never become law.

In sum, after repeatedly promising to release a robust Treasury analysis showing that the Republican tax bill would pay for itself, you released a one-page report that provided no meaningful economic analysis of the tax bill and admitted that the bill would not, in fact, pay for itself.

Because the American people deserve to know exactly how this tax bill will impact the economy and the national debt, I ask that you answer the following questions:

1. The one-page report claims that "Treasury expects approximately half of this 0.7% increase in growth to come from changes to corporate taxation."
  - a. Did the OTP make this projection? If so, please provide the underlying OTP analysis to support this projection.
  - b. If OTP did not make this projection, who at the Treasury Department did make this projection? Please provide the underlying economic analysis – if any – that was used to support this projection.
  - c. Did the OTP, or any other office within the Treasury Department, conduct any other analysis of the growth impact of the tax bill's corporate tax changes that do not match the report's stated estimate? If so, please provide these analyses.
  
2. The one-page report also states that some portion of the remaining half of the claimed growth will come, in part, from "a combination of regulatory reform, infrastructure development, and welfare reform as proposed in the Administration Fiscal Year 2018 budget."
  - a. Did the OTP make this projection? If so, please provide its underlying economic analysis.
  - b. How did the OTP or any other officials in the Treasury Department make this projection without the details of these various policy proposals?

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<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

3. You claimed earlier that the Treasury Department had more than 100 people “working around the clock running scenarios” to project the economic impact of the tax bill.
  - a. Is the report you released yesterday the final work product of those efforts?
  - b. If not, did the Treasury Department fail to release those analyses because they would have shown less economic growth that you have claimed?

Republican leaders have stated that they expect a vote on passage of the tax bill next week. Because Congress should have the benefit of any meaningful Treasury Department analysis before it votes on a multi-trillion dollar overhaul of the tax system, I ask that you provide answers to these questions by Friday, December 15<sup>th</sup>. In addition, I urge you to cooperate fully with the Office of Inspector General’s pending investigation so it can release the results before either the Senate or the House of Representatives votes on final passage of the tax bill.

Sincerely,



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Elizabeth Warren  
United States Senator