



Conservatives  
for  
Property Rights

August 20, 2021

Dear Member of Congress:

Conservatives for Property Rights, a coalition of public policy organizations concerned with preserving and protecting private property rights with respect to all forms of property, ***strongly opposes the FY 2022 Budget Resolution. We urge you to vote “no” on it.***

The budget measure before the House combines massive new spending, confiscatory taxes, breathtaking wealth redistribution initiatives, and new federal debt that will cause great harm to all Americans, even beneficiaries of some of the new redistributive spending. This represents a wholesale assault on property rights. It threatens businesses from family-owned enterprises to publicly traded firms — quashing job creation and destroying existing jobs. In short, the dangerous consequences of this plan will be widespread, deep, and long-lasting.

The budget resolution’s pay-fors include massive, counterproductive new taxes and tax increases, along with government price controls. One such confiscatory tax scheme is the “double death tax.” This is nothing short of a tax on core property rights of those who plan and save wisely. The proposal combines increasing the capital gains tax rate to 39.6 percent, including taxing trusts, with repeal of “step up in basis” and treating assets as though capital gains were realized upon death. This attack on private property rights comes in addition to the existing estate tax. It is the very definition of confiscatory taxation. It threatens family farms and ranches and family-owned businesses passed down for generations. The megarich may be able to withstand this tax, but it spells the return of Simon Legree.

Other punitive government-price-control measures target biopharmaceutical innovators — one of America’s leading strategic industrial sectors. Radical measures such as removing or relaxing the noninterference provision of the Medicare law and a 95 percent punitive tax on the most-needed medicines will inflict serious harm on patients and the biopharma innovators who developed safe and effective COVID-19 vaccines and therapeutics at warp speed.

Regarding noninterference, Medicare Part D appropriately prohibits the government from interfering in negotiations between private health plans and drug makers participating in Part D or from dictating a uniform, government-set formulary. This respects property rights. As structured, Part D (as well as Part C) leverage market-based negotiations by private entities that each has property interests in the outcomes of those negotiations. As a result, Part D provides greater consumer choice of plans competing for seniors’ selecting them, drugs at more competitive prices, and importantly, greater access to the medicines seniors need, including new innovations. That explains the wild popularity of Part D plans with seniors and seniors’ opposition to government price controls. It also contrasts with other government programs such as Veterans Affairs, whose restrictive formularies and government price-setting deny veterans access to many medications and force more than half of VA patients to

supplemental options including Medicare Part D. Further, Part D has saved Medicare 45 percent more on drug costs than originally projected, and CBO now scores Part D as yielding savings while saving costs on more expensive medical services. In 2019, “CBO concluded that providing broad negotiating authority by itself would likely have a negligible effect on federal spending.” Not only would abrogating the noninterference provision be in bad faith to seniors, it would abrogate the property rights of private-sector participants in Medicare.

On oppressive taxation as a drug price control, CPR united with more than 40 conservative groups opposing the punitive tax: “Failure to comply with these new government price controls will result in a staggering 95 percent tax on those drugs which are sold at fair market value instead of being price controlled.” We also joined more than 70 conservative and free-market organizations on a coalition letter opposing H.R. 3 price controls, reading in part:

“H.R. 3 would weaponize the tax code and enact a discriminatory 95 percent excise tax on manufacturers. Under the legislation, pharmaceutical manufacturers that do not agree to foreign price controls would face a retroactive tax of up to 95 percent on the total sales of a drug (not net profits).

“This means that a manufacturer selling a medicine for \$100 will owe \$95 in tax for every product sold with no allowance for the costs incurred. No deductions would be allowed, and it would be imposed on manufacturers in addition to federal and state income taxes they must pay.”

Middle-class families won’t escape the taxation. The Heritage Foundation points out:

“Instead of tax relief for working families, the reconciliation bill contemplated by this budget will include damaging tax increases borne by middle-income families.

“The budget resolution attempts to disguise its tax increases. However, deeper in the budget, Sections 2001, 2002, 3001, 3002, 3003, 4007, 4009, 4010, and 4013 would all work together to provide an unlimited ability to increase taxes. This is a classic case of how much the fine print matters.”

Regarding the fiscal impact, the budget resolution adds at least another \$1.75 trillion to the \$6 trillion already borrowed in the past two years. The Center for a Responsible Federal Government says “there is absolutely no reason to borrow more for new permanent spending programs.” Saddling American families, small businesses, and our leading industrial companies with such public debt risks inflation while serving as a hidden tax. Moreover, this budget-busting measure feeds inflation, one of the cruelest, heaviest hardships individuals and families and businesses must endure. Confiscatory taxation, in whatever form, is tantamount to government incursion on private property rights.

Notably, punitive “Green New Deal” measures that subsidize “clean” energy and push fossil fuel companies out of business not only threaten good-paying blue collar jobs, they also advantage China’s competitiveness. This goes all in on government picking winners and losers. Such an approach typically results in cronyism, inefficiency, waste and fraud, and poor allocation of resources. In this case, it also unilaterally disarms competitive advantage where the United States has abundant resources and established industries and empowers China’s grip on rare earth minerals while China continues its own reliance on fossil fuels — leaving the ostensible goal of a cleaner environment on the sideline. This makes no sense from either a competitiveness or an environmental standpoint.

Therefore, CPR must vigorously oppose the FY 2022 budget resolution. We urge you vote against this unwise, profligate measure.

Respectfully,

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