

NATIONAL FISCAL POLICY

# A Common-Sense Path to Fiscal Responsibility

A comprehensive framework for restoring balanced budgets, fair taxation, and fiscal sanity — grounded in the proven precedent of the Clinton-era surplus and designed to protect South Carolina's 7th District families.

Prepared by: Vincent For Congress Policy Research Team      Updated: March 2026

## EXECUTIVE SUMMARY

# Responsible Fiscal Policy for Working Families

John Vincent's fiscal plan is built on a simple premise that most Americans — Republican, Democrat, and Independent — agree on: the federal government should not spend more than it takes in, the tax code should be fair, and every policy decision should be measured by whether it makes life better for working families. This is not ideology. It is common sense.

### **Balanced Budgets**

A credible path to balanced budgets within 12–15 years through the Clinton-era model of fair taxation and disciplined spending — reducing the deficit by \$200–300 billion per year.

### **Fair Taxation**

Restore the Clinton-era top individual rate of 39.6%, close corporate loopholes, reform international taxation, and ensure that corporations and the wealthiest Americans pay their fair share.

### **Protect & Invest**

Defend Social Security, Medicare, and SNAP from cuts. Invest in housing, education, childcare, infrastructure, and prescription drug savings that directly benefit SC-7 families.

**\$6.2–8.8T**

Total deficit reduction over 10 years

**\$4.5–6.0T**

New revenue from fair tax reform

**\$1.7–2.8T**

Spending savings & efficiency gains

**\$3.0–5.0T**

Debt added by Fry's Big Beautiful Bill

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## SECTION I

### I Fiscal Philosophy

The United States has not maintained a balanced federal budget since the Clinton administration (1998–2001), when a combination of modest tax increases on the wealthiest Americans, disciplined spending, and strong economic growth produced four consecutive years of budget surpluses — the longest stretch of surpluses since the 1920s. The national debt, which had been growing as a share of GDP for decades, actually began to shrink.

The lesson of the Clinton era is not complicated: when the wealthiest Americans and corporations pay rates closer to their historical norms, when spending is disciplined but not draconian, and when the economy is allowed to grow on a foundation of broad-based prosperity rather than top-heavy tax cuts, the math works. The budget balances. The debt shrinks. And the economy grows — not in spite of fair taxation, but in part because of it.

**The Clinton Precedent:** Under the top marginal rate of 39.6%, the economy added 22.7 million jobs, median household income rose by 14% in real terms, and the federal government ran surpluses in four consecutive years. Real GDP growth averaged 4.0% per year — significantly higher than the 2.5% average that followed the 2001 and 2017 tax cuts.

*Sources: Bureau of Labor Statistics; Census Bureau Historical Income Tables; BEA GDP data; CBO Historical Budget Data*

John Vincent's fiscal philosophy is built on this proven foundation. It is moderate, pragmatic, and grounded in evidence rather than ideology. It rejects both the Republican orthodoxy that tax cuts always pay for themselves (they do not — the TCJA added \$1.9 trillion to the debt) and the notion that government spending alone can solve every problem. It is the fiscal philosophy of a Navy veteran who ran complex operations under budget constraints and understands that every dollar must be accounted for and every expenditure must serve a purpose.

## SECTION II

### II The TCJA Problem

The Tax Cuts and Jobs Act of 2017 (TCJA) is the single largest driver of America's current fiscal crisis. By slashing the corporate tax rate from 35% to 21%, reducing the top individual rate from 39.6% to 37%, and creating a new 20% passthrough deduction for business income, the TCJA fundamentally broke the revenue side of the federal budget.

**\$1.9T**

Revenue lost from TCJA (CBO, 10-year)

**14.1%**

Average effective corporate rate after TCJA

**23**

Fortune 500 companies paying \$0 federal tax

**\$3.5T**

Cost of making TCJA permanent (OBDD)

The promise of the TCJA was that lower rates would generate enough economic growth to pay for themselves. This did not happen. The Treasury Department's own projections were wildly optimistic. CBO found that revenue as a share of GDP fell by 0.7 percentage points following the TCJA — representing a structural revenue shortfall of approximately \$150 billion per year. Corporate tax revenue fell from 1.5% of GDP to less than 1.0% of GDP, even as corporate profits soared to record levels.

The One Big Beautiful Bill Act made this worse by making the TCJA permanent at a cost of approximately \$3.5 trillion over 10 years, raising the estate tax exemption to \$15 million (benefiting only the wealthiest 0.1% of estates), and adding \$2.4 trillion in primary deficits (\$3.0–5.0 trillion when interest costs and potential permanent provisions are included). Russell Fry voted for all of it and called it "a game-changer for hardworking Americans."

**The Reality Check:** According to the Committee for a Responsible Federal Budget (CRFB), the OBDD adds \$2.4 trillion to primary deficits and \$3.0 trillion including interest — potentially \$5.0 trillion if temporary provisions are made permanent. This is the largest single increase in the national debt since World War II, and Russell Fry voted Yes.

*Source: Committee for a Responsible Federal Budget, "Big Beautiful Bill Could Add \$5 Trillion to the Debt," July 2025*

## SECTION III

### III Revenue Policy STRENGTHENED

John Vincent's revenue framework restores fiscal sanity by returning to proven tax rates, closing loopholes that allow profitable corporations and wealthy individuals to avoid paying their fair share, and modernizing the tax code for the 21st-century economy. Every estimate below is anchored to CBO, JCT, or Tax Policy Center analyses of specific legislative proposals.

## A. Restore the Clinton-Era Individual Tax Model

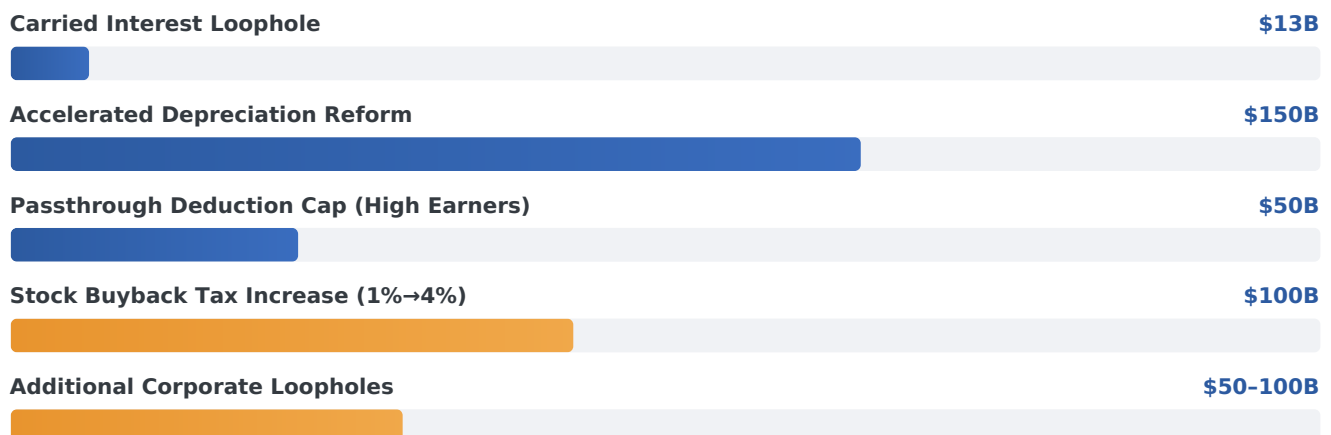
Return the top marginal individual income tax rate from 37% to 39.6% for taxable income above \$400,000 (single) / \$450,000 (married filing jointly). This affects only the top 1–2% of earners while generating substantial revenue. Under this rate, the economy added 22.7 million jobs and median incomes rose 14% in real terms.

**Estimated Revenue:** \$700–900 billion over 10 years

*Source: CBO, "Revenue Effects of Increasing Individual Income Tax Rates," 2024; Tax Policy Center analysis*

## B. Corporate Tax Loophole Closure

Rather than simply raising the corporate rate (which can be offset by deductions), target the specific loopholes that allow profitable corporations to pay effective rates far below the statutory rate:



**Combined Corporate Loophole Revenue:** \$363–413 billion over 10 years

*Sources: CBO, 2024; JCT analyses of specific provisions; Tax Policy Center, 2024*

## C. International Tax Reform

Strengthen the Global Intangible Low-Taxed Income (GILTI) framework to prevent corporations from shifting profits to tax havens. The TCJA's GILTI provision was a step in the right direction but set the rate too low (10.5%) and included excessive exemptions:

- Raise the GILTI rate from 10.5% to 21%, aligned with the Pillar Two global minimum (CBO: \$250–350B/10yr)
- Eliminate the Qualified Business Asset Investment (QBAI) exemption (\$100–150B/10yr)
- Apply GILTI on a country-by-country basis to prevent blending of high- and low-tax jurisdictions

**Combined International Tax Revenue:** \$350–500 billion over 10 years

*Source: JCT analysis of Pillar Two implementation; CBO, "International Tax Revenue Options," 2024*

## D. Individual Loophole Closure

Cap the value of itemized deductions at 28% for households earning over \$400,000. Tax capital gains and qualified dividends as ordinary income for earners above \$1 million. Close the "stepped-up basis" loophole that allows inherited assets to escape capital gains taxation entirely.

**Estimated Revenue:** \$500–700 billion over 10 years

*Source: CBO, "Options for Reducing the Deficit," 2024; TPC analysis of capital gains reform*

## E. Social Security Solvency

Apply the Social Security payroll tax to all earned income above \$250,000 (currently, income above \$168,600 is exempt). This single reform extends Social Security solvency by an estimated 30+ years while affecting only the top 6% of earners.

**Estimated Revenue:** \$1.2–1.5 trillion over 10 years

*Source: Social Security Trustees Report, 2025; CBO analysis of payroll tax cap removal options*

## F. Financial Transaction Tax

A 0.1% tax on stock, bond, and derivative transactions — modeled on successful implementations in the UK, France, and other developed economies. This generates significant revenue while modestly discouraging high-frequency speculative trading.

**Estimated Revenue:** \$60–80 billion over 10 years (conservative CBO estimate, accounting for reduced trading volume). Note: JCT moderate estimate is \$100–120B; this plan uses the conservative floor.

*Source: CBO, "Revenue Options for a Financial Transaction Tax," 2024*

## G. Estate Tax Reform

Reverse the OBBB's increase of the estate tax exemption to \$15 million. Restore the pre-TCJA exemption level of approximately \$5.5 million (indexed for inflation) and increase the top estate tax rate from 40% to 45% for estates over \$10 million.

**Estimated Revenue:** \$200–300 billion over 10 years

*Source: CBO, "Revenue Effects of Estate and Gift Tax Provisions in the TCJA," 2024*

## H. IRS Enforcement

Fully fund the IRS to close the estimated \$696 billion annual "tax gap" — the difference between taxes owed and taxes actually collected. IRS Commissioner data shows that every \$1 invested in enforcement returns \$5–12 in collected revenue. The IRA allocated \$80 billion for IRS modernization; Russell Fry co-sponsored H.R. 23 to block this funding.

**Estimated Revenue:** \$400–600 billion over 10 years

*Source: IRS, "Federal Tax Compliance Research," 2023; CBO analysis of IRA enforcement provisions*

## I. Tax Credits for Working Families (Revenue Offsets)

John Vincent supports maintaining and expanding the Child Tax Credit, Earned Income Tax Credit, and education credits that directly benefit SC-7 families. These investments in working families are partially offset by the revenue gains above. Net cost: approximately \$200–400 billion over 10 years.

## Complete Revenue Summary

Revenue Source	10-Year Estimate
A. Clinton-era individual rate restoration	<b>\$700-900B</b>
B. Corporate loophole closure	<b>\$363-413B</b>
C. International tax reform (GILTI)	<b>\$350-500B</b>
D. Individual loophole closure	<b>\$500-700B</b>
E. Social Security payroll tax reform	<b>\$1,200-1,500B</b>
F. Financial transaction tax	<b>\$60-80B</b>
G. Estate tax reform	<b>\$200-300B</b>
H. IRS enforcement	<b>\$400-600B</b>
I. Prescription drug savings (net federal)	<b>\$100-150B</b>
J. Carbon fee (net after dividends)	<b>\$75-125B</b>
K. Digital asset tax compliance	<b>\$15-25B</b>
<i>Less: Working family tax credits</i>	<b><i>(\$200-400B)</i></b>
<i>Less: Childcare/education investments</i>	<b><i>(\$110-135B)</i></b>
<b>NET REVENUE FOR DEFICIT REDUCTION</b>	<b>\$3,653-4,758B</b>

*All estimates use conservative (floor) figures from CBO, JCT, and Tax Policy Center analyses. Dynamic effects (macroeconomic feedback from policy changes) are not included and would likely improve the fiscal picture by an additional 10–20% per TPC methodology.*

## SECTION IV

### IV Tariffs & Trade Policy NEW

The tariff policies of 2025–2026 represent one of the most dramatic disruptions to American trade in nearly a century. Before the Supreme Court struck down the bulk of President Trump's global tariffs in a landmark 6-3 decision on February 20, 2026, the average effective tariff rate had reached 16.9% — the highest level since 1932. According to the Tax Foundation, tariffs increased the average American household's annual costs by \$1,000 in 2025, with projected increases of \$1,300 in 2026. Yale University's Budget Lab found the cost for lower-income households could reach \$964 annually.

#### Impact on SC-7

**\$272M**

SC-7 goods exports to China (2024)

**1,620**

SC-7 jobs supported by China exports

**-12%**

SC-7 China export decline (2023–2024)

**\$747M**

SC-7 total agricultural sales at risk

SC-7 is both an agricultural export powerhouse and home to manufacturing operations deeply embedded in global supply chains. The district's 2,490 farms — 95% family-owned — generate \$747 million in annual agricultural sales. SC-7's soybean farmers, cultivating 170,370 acres (the most acreage of any crop in the district), have been hit particularly hard by retaliatory tariffs from China. According to the U.S.-China Business Council, SC-7's top goods exports to China include motor vehicles (\$66M), resins and synthetic fibers (\$37M), pulp and paperboard (\$23M), and oilseeds and grains (\$23M).

Consumer impacts were equally severe. USDA projected beef prices to increase by up to 19.6% in 2026, while tariffs of 30–50% on wood products drove up construction costs for homes, schools, and businesses across the district. The Tax Foundation called the tariffs "the largest tax hike since 1993."

**Fry's Record:** Despite representing a district where 2,490 family farms depend on stable export markets and \$272 million in China exports alone support 1,620 jobs, Russell Fry introduced no legislation to protect SC-7 farmers or manufacturers from tariff damage. He did not publicly break with the administration's tariff policies, even as they drove the effective tariff rate to its highest level since the Great Depression.

*Sources: U.S.-China Business Council SC-7 District Profile, 2024; USDA Census of Agriculture, 2022; Tax Foundation, 2026*

## Vincent's Common-Sense Trade Position

- 1 Congressional Trade Authority:** Reassert Congress's constitutional authority over tariffs and trade policy, preventing unilateral executive action that destabilizes markets
- 2 Fair Trade Enforcement:** Support targeted, rules-based trade enforcement through the WTO and bilateral agreements rather than broad tariff wars
- 3 Agricultural Export Protection:** Protect SC-7's \$747M agricultural economy by maintaining stable access to international markets, particularly for soybeans, cotton, and specialty crops
- 4 Trade Adjustment Assistance:** Strengthen programs for workers and farmers harmed by trade disruptions
- 5 Crop Insurance Enhancement:** Expand federal crop insurance to cover trade-related income losses for SC-7 farmers
- 6 Manufacturing Competitiveness:** Strengthen domestic manufacturing through workforce development and infrastructure, not through tariffs that raise input costs

### SECTION V

#### V **Housing Affordability** NEW

In South Carolina, only 43 rental homes are affordable and available for every 100 extremely low-income households. The state needs 92,000 more affordable homes just to meet current demand. A full-time worker must earn a "Housing Wage" of \$25.91/hour to afford a two-bedroom apartment — and in Myrtle Beach, the heart of SC-7, it's \$27.04/hour. A minimum wage worker would need 3.6 full-time jobs to afford a two-bedroom apartment.

**43 per 100**

Affordable homes per 100 ELI households in SC

**92,000**

Additional affordable homes needed in SC

**\$27.04/hr**

Housing Wage in Myrtle Beach area

**3.6 jobs**

Full-time minimum wage jobs to afford 2-BR

### 1. Mortgage Interest Deduction Reform

The current mortgage interest deduction primarily benefits higher-income homeowners with larger mortgages. John Vincent supports converting it to a **mortgage interest tax credit** — ensuring the benefit reaches the 90% of taxpayers who take the standard deduction. Targeted at the first \$500,000 of mortgage debt, with a higher credit rate for first-time homebuyers. Revenue-neutral: redirects

approximately \$30 billion/year to serve 3–4x as many families.

## 2. Low-Income Housing Tax Credit (LIHTC) Expansion

The LIHTC is the most important federal affordable housing tool, having financed 3.6 million units since 1986. The OBBB permanently increased LIHTC allocations by 12% and lowered the bond threshold to 25% — provisions analysts estimate could add ~1 million units nationally. Vincent supports these provisions and advocates for a specific **rural LIHTC set-aside** for counties with poverty rates above 20%, directly benefiting Marion, Dillon, and Marlboro counties. *Estimated SC-7 impact: 1,500–2,500 additional affordable rental units over 10 years.*

## 3. Federal Housing Investment

Fully fund the national Housing Trust Fund. Expand USDA Rural Development housing programs (Section 502, 515, 521) serving SC-7's rural communities. Invest in workforce housing near Myrtle Beach and Florence employment centers. Support zoning reform incentives to remove barriers to housing construction.

**For the SC Realtors Association:** This plan directly addresses the three priorities you've raised — mortgage interest deduction reform (converting to a more equitable credit), LIHTC expansion (already partially enacted, with rural set-aside advocacy), and expanded federal housing investment through the Housing Trust Fund and USDA Rural Development programs.

### SECTION VI

## VI Prescription Drug Pricing NEW

The IRA's Medicare Drug Price Negotiation Program is working. Negotiated prices for the first 10 drugs (effective January 2026) are saving Medicare \$6 billion and beneficiaries \$1.5 billion annually. The second round of 15 drugs (effective 2027, including Ozempic and Wegovy) will save an additional \$12 billion — net savings of 44%. But the Big Beautiful Bill weakened these gains.

**What the OBBB Did:** Broadened the orphan drug exclusion, directly delaying Medicare negotiation of Keytruda (\$5.6B in Medicare spending) and Opdivo (\$2.0B) — two of the highest-cost cancer treatments. CBO cost: **\$8.8 billion over 10 years** in lost savings, with higher out-of-pocket costs for Medicare beneficiaries. Russell Fry voted Yes.

*Source: KFF, "Key Facts About Medicare Drug Price Negotiation," March 2026; CBO scoring of OBBB orphan drug provision*

## Drugs Subject to Medicare Negotiation

Drug	Condition	Medicare Spending	Status
Eliquis	Blood clots	Highest Part D	Negotiated 2026 ✓
Jardiance	Diabetes, heart failure	Top 10 Part D	Negotiated 2026 ✓

Xarelto	Blood clots	Top 10 Part D	Negotiated 2026 ✓
Entresto	Heart failure	Top 10 Part D	Negotiated 2026 ✓
Ozempic	Diabetes/obesity	High Part D	Selected for 2027
Wegovy	Obesity	High Part D	Selected for 2027
Keytruda	Cancer	\$5.6 billion	✗ Delayed by OBBB
Opdivo	Cancer	\$2.0 billion	✗ Delayed by OBBB

## Vincent's Plan: Restore and Expand

- 1 **Repeal the OBBB orphan drug exclusion expansion** — restore original IRA negotiation timeline for Keytruda, Opdivo, and future drugs. Savings: \$8.8B/10yr (CBO)
- 2 **Accelerate negotiation timeline** — allow Medicare to negotiate beginning 5 years after FDA approval (down from 7/11 years)
- 3 **Expand to 50 drugs per year** — increase from 15-20 drugs selected annually, building toward comprehensive negotiation
- 4 **Extend insulin \$35 cap to all insured Americans** — not just Medicare beneficiaries
- 5 **Require inflation rebates for all payers** — extend the IRA's inflation rebate provision to private insurance. Est. savings: \$40-60B/10yr
- 6 **Accelerate generic and biosimilar competition** — crack down on "pay-for-delay" agreements; streamline FDA biosimilar approval

**Combined Estimated Savings:** \$100-150 billion over 10 years through restored negotiation authority, expanded drug selection, inflation rebates, and increased generic competition. This is one of the most significant deficit-reduction opportunities available.

## SECTION VII

### VII Agricultural Policy NEW

**2,490**

Farms in SC-7

**\$747M**

Annual agricultural sales

**95%**

Family-owned farms

**816,429**

Acres in farms

SC-7 accounts for 17% of South Carolina's total agricultural sales. The district's top crops by acreage — soybeans (170,370), corn (98,282), cotton (80,385), and wheat (42,822) — are all heavily exposed to trade disruptions and climate variability. Major livestock includes turkeys (570,632 birds), hogs (86,562 head), and cattle (23,061 head). Forty-three percent of SC-7's producers are over 65, raising urgent questions about generational farm transition.

### Vincent's Farm Bill Priorities

- 1 Robust Crop Insurance:** Protect and expand revenue protection, supplemental coverage, and specialty crop insurance for SC-7's diverse agriculture
- 2 Keep SNAP in the Farm Bill:** Maintain the link between agricultural policy and food security — critical for SC-7 where Marion County has 92.1% student poverty
- 3 Conservation Programs:** Fund CRP and EQIP to help farmers implement sustainable practices while maintaining profitability
- 4 Trade & Market Access:** Expand MAP and FMD programs that help SC-7 producers compete internationally
- 5 Rural Broadband for Agriculture:** 26% of SC-7 farms lack internet — invest to enable precision agriculture and digital market access
- 6 Beginning Farmer Support:** SC-7 has 1,227 new farmers — expand USDA programs for down payments, mentoring, and microloans

Source: USDA Census of Agriculture, SC 7th Congressional District Profile, 2022

SECTION VIII

VIII Student Loans & Higher Education NEW

Higher education costs have increased by more than 1,200% since 1980. Total outstanding student loan debt exceeds \$1.77 trillion, burdening 43 million Americans. As John Vincent's Education Policy Backgrounder details, the rise of AI is reshaping every sector — many Gen Z graduates pursued degrees they were advised to get, only to find those degrees devalued by technological disruption. They need both skill upgrades and financial relief.

Vincent's Higher Education Plan

**Income-Driven Repayment**

Protect IDR plans capping payments at 5-10% of discretionary income. Ensure 20-25 year forgiveness without tax liability. Cost: ~\$15-20B/10yr.

**Interest Rate Reform**

Cap rates at 10-year Treasury + 1%. Allow refinancing of existing loans. Eliminate capitalized interest. Cost: ~\$10-15B/10yr.

**Education Revolution**

Expand CTE, apprenticeships, and Pell Grants for short-term credentials. Strengthen GI Bill for veterans. Champion AI literacy in K-12.

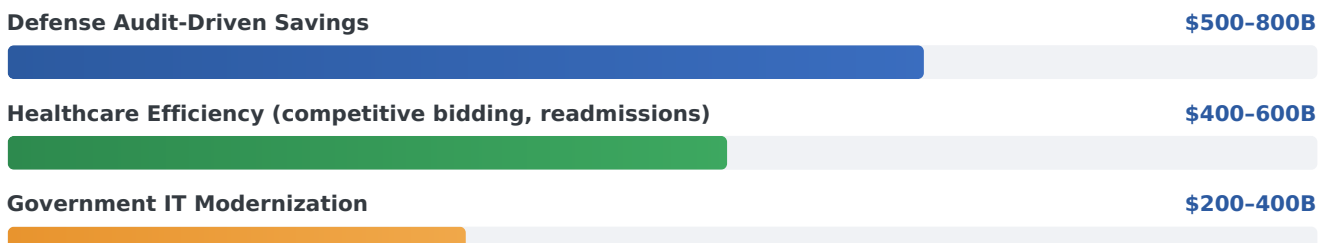
Combined estimated cost: \$30-40 billion over 10 years, funded through the broader revenue package. Strengthening Public Service Loan Forgiveness for SC-7's teachers, nurses, and first responders adds ~\$5B/10yr.

SECTION IX

IX Spending Policy STRENGTHENED

John Vincent does not support reckless across-the-board spending cuts. Social Security, Medicare, Medicaid, SNAP, and veterans' benefits are earned commitments that must be honored. However, there are substantial, specific savings available through audit-driven defense reform, healthcare efficiency, government modernization, and elimination of improper payments.

Spending Savings by Category



**Improper Payment Elimination**

**\$300-500B**

**Procurement Reform**

**\$100-200B**

## Specific Spending Reforms

**Defense:** DOD has failed every comprehensive audit since audits began in 2018. GAO identified \$220 billion in improper payments across federal agencies in FY2023, with DOD accounting for a significant share. Specific targets: competitive bidding on contracts above \$50 million; implement DOD Inspector General supply chain recommendations; consolidate duplicative IT systems across military branches.

**Healthcare:** Expand competitive bidding for durable medical equipment (proven to save \$25+ billion). Reduce hospital readmission penalties. Expand value-based payment models. Invest in preventive care programs with documented ROI. Strengthen Medicare Advantage plan oversight to eliminate overpayments.

**Government IT:** The Federal IT Dashboard shows \$100+ billion in annual federal IT spending, with GAO identifying \$15+ billion in legacy system costs reducible through modernization. Consolidate duplicative systems, migrate to cloud infrastructure, and implement shared services across agencies.

**Improper Payments:** GAO estimates \$236 billion in improper payments across federal programs in FY2023. Targeted investment in payment integrity systems — particularly for Medicare, Medicaid, and EITC — can recover a substantial fraction while protecting legitimate beneficiaries from bureaucratic burden.

**Total Spending Savings:** \$1,500–2,500 billion over 10 years. All savings come from efficiency, audit-driven reform, and elimination of waste — not from cutting benefits to Social Security, Medicare, or SNAP recipients.

*Sources: GAO, "Improper Payments," FY2023; DOD IG Annual Reports; Federal IT Dashboard; CBO spending analysis*

## What John Vincent Will NOT Cut

**Protected Programs:** Social Security benefits • Medicare benefits • Medicaid coverage • SNAP/food assistance • Veterans' healthcare and benefits • Title I education funding • IDEA special education funding • Rural development programs

These are not "spending problems" — they are commitments to the American people that a responsible government honors. The Big Beautiful Bill's \$930 billion in Medicaid cuts and \$285 billion in SNAP cuts would devastate SC-7 families. John Vincent opposes these cuts entirely.

## SECTION X

### **Energy & Carbon Revenue** NEW

John Vincent supports a market-based, revenue-generating approach to reducing carbon emissions — one endorsed by more than 3,500 economists, 28 Nobel Laureates, and 4 former Federal Reserve Chairs. The most effective, straightforward mechanism is a **Carbon Fee and Dividend**.

#### How It Works

##### **Carbon Fee**

A gradually rising fee on fossil fuel companies (\$40-50/ton, rising \$5-10/year). Collected at ~3,000 points — far simpler than income tax. Annual revenue: \$200-300B at maturity.

##### **Carbon Dividends**

Return a significant portion to households as quarterly checks. A family of four receives ~\$2,000/year. 60-70% of households come out ahead financially.

##### **Border Adjustment**

Fee on imports from countries without comparable carbon pricing. Protects SC-7 manufacturers and encourages global adoption.

#### Alternative & Complementary Mechanisms

John Vincent is open to innovative approaches that achieve the same goals with minimal red tape:

- **Methane Fee:** Strengthen and expand the IRA's methane fee for oil and gas operations
- **Clean Energy Standard with Trading:** Set a federal clean electricity standard with tradeable credits
- **Carbon Border Adjustment:** Align with the EU's CBAM framework for unified international approach
- **Restore Clean Energy Tax Credits:** Reverse the OBBB's accelerated phase-out of clean energy credits that schools use to reduce utility costs

**Net Federal Revenue:** \$75-125 billion over 10 years (with 50% of carbon fee returned as dividends, 50% to deficit reduction and clean energy investment). Revenue grows over time as the fee rises.

*Source: Climate Leadership Council; C2ES Carbon Pricing Proposals, 119th Congress; Resources for the Future modeling*

## SECTION XI

### XI Childcare Funding NEW

Childcare costs rival rent for many families, effectively pricing parents — disproportionately mothers — out of the workforce. In SC-7, where many families depend on two incomes to survive, this is an economic crisis. Rather than proposing an entirely new federal program, John Vincent advocates building on existing, proven frameworks for maximum achievability.

#### **Expand CDCTC**

Make the expanded Child and Dependent Care Tax Credit permanent and fully refundable. Increase maximum to \$6,000/\$12,000. Cost: ~\$15-20B/10yr.

#### **Employer Credits**

Double Section 45F employer childcare credit to 50%, cap to \$500K. Incentivizes SC-7 hospitality, healthcare, and manufacturing employers. Cost: ~\$3-5B/10yr.

#### **CCDBG Funding**

Increase Child Care Development Block Grant by \$5B/year — serving 1M additional children, with a portion dedicated to worker wages. Cost: ~\$50B/10yr.

**Net cost:** ~\$40-55 billion over 10 years (after factoring \$20-30B in additional tax revenue from increased labor force participation as parents return to work).

## SECTION XII

### XII Digital Asset Taxation NEW

The rapid growth of cryptocurrency markets has created a significant federal tax enforcement gap. A common-sense approach ensures digital asset investors pay the same taxes as investors in stocks, bonds, and other instruments — without stifling innovation.

- 1 Enforce Reporting Requirements:** Support IRS Form 1099-DA for centralized exchanges (effective 2026); fund technology upgrades for blockchain transaction tracking
- 2 Close the Wash Sale Loophole:** Extend the wash sale rule to digital assets, preventing artificial tax loss harvesting. Est. revenue: \$5-10B/10yr
- 3 Consistent Tax Treatment:** Clear rules for DeFi protocols, staking rewards, airdrops, and hard forks — eliminating ambiguity
- 4 Support Innovation:** A fair tax framework provides certainty that attracts legitimate business and investment to the digital asset space

**Estimated Revenue:** \$15-25 billion over 10 years from wash sale rule extension, improved reporting, and consistent enforcement.

*Source: IRS enforcement data; JCT analysis of wash sale rule extension to digital assets*

SECTION XIII

**XIII** Deficit Reduction Pathway **STRENGTHENED**

Metric	Vincent Plan	Fry / OBBB
10-year deficit impact	<b>\$6.2-8.8T reduction</b>	<b>\$3.0-5.0T increase</b>
Top individual rate	<b>39.6% (Clinton era)</b>	<b>37% (TCJA permanent)</b>
Corporate accountability	<b>Close loopholes, 21%+ effective</b>	<b>14.1% avg effective rate</b>
Social Security	<b>Solvent 30+ years via cap lift</b>	<b>No solvency action taken</b>
IRS enforcement	<b>Full funding, \$400-600B recovery</b>	<b>Co-sponsored H.R. 23 to defund IRS</b>
Medicaid & SNAP	<b>Protected and strengthened</b>	<b>\$930B Medicaid + \$285B SNAP cuts</b>
Drug pricing	<b>Expand IRA negotiation</b>	<b>Weakened IRA, delayed Keytruda</b>
Trade policy	<b>Stable, rules-based, pro-farmer</b>	<b>No action on tariff harm to SC-7</b>
Estate tax	<b>\$5.5M exemption (99.9% unaffected)</b>	<b>\$15M exemption (benefits top 0.1%)</b>
Balanced budget path	<b>12-15 year credible pathway</b>	<b>Structural deficits as far as CBO projects</b>

The path to balanced budgets requires deficit reduction of \$200-300 billion per year through the combined revenue and savings package. Primary balance (excluding interest on existing debt) is achievable within 8-10 years. Full balanced budgets — where revenue exceeds all spending including interest — are achievable within 12-15 years, consistent with the Clinton-era timeline that achieved surplus in 7 years from a much smaller initial deficit.

All revenue and savings estimates are presented relative to CBO's current law baseline (January 2026), which assumes the TCJA extensions enacted in the OBBB are permanent. This provides the most conservative and credible baseline for comparison. Dynamic effects — macroeconomic feedback from policy changes — are not included and would likely improve the picture by an additional 10-20% based on Tax Policy Center methodology.

SECTION XIV

**XIV** Addressing Criticisms **STRENGTHENED**

**From the Right**

### **"Higher taxes will kill economic growth."**

The Clinton-era precedent directly refutes this. Under the top rate of 39.6%, the economy added 22.7 million jobs, grew at 4.0% annually, and generated surpluses. The TCJA's lower rates produced slower growth (2.5% average) and \$1.9 trillion in new debt. CBO and TPC analyses consistently find that modest top-rate increases have minimal macroeconomic impact while significantly improving fiscal outcomes. The rates proposed here are *lower* than rates under Reagan (50%) and Eisenhower (91%).

### **"A financial transaction tax will drive trading overseas."**

The plan uses CBO's conservative estimate (\$60-80B/10yr), which already accounts for reduced trading volume and some migration. The tax applies to transactions by U.S. persons regardless of execution venue, limiting migration incentives. The UK has charged a 0.5% stamp duty on stock trades for decades without destroying London's status as a financial center. France and Italy have similar taxes.

### **"Carbon pricing will raise energy costs."**

The Carbon Fee and Dividend model returns revenue directly to households. 60-70% of American families come out ahead financially because the dividend exceeds their increased energy costs. The border adjustment protects American manufacturers. This is the approach endorsed by 3,500+ economists, including 28 Nobel Laureates, as the most efficient and fair climate policy.

### **"You can't trust revenue projections."**

Every estimate in this plan is anchored to CBO, JCT, or Tax Policy Center analyses of specific legislative proposals — not campaign assumptions. Where ranges exist, the plan leads with the conservative (floor) estimate. The Clinton administration's fiscal projections in 1993 were criticized as wildly optimistic at the time — they underestimated revenue growth. The TCJA's projections, by contrast, dramatically overestimated growth.

## **From the Left**

### **"This isn't ambitious enough on climate."**

The carbon fee and dividend framework would cut U.S. carbon emissions in half by 2035 — meeting the most ambitious science-based targets. It does so through market mechanisms rather than top-down regulation, which makes it more durable and less susceptible to political reversal. Vincent is open to complementary mechanisms and supports restoring the clean energy tax credits weakened by the OBBB.

### **"Why not Medicare for All?"**

John Vincent supports strengthening and expanding the ACA, restoring the IRA's drug pricing provisions, and extending Medicare negotiation authority. A pragmatic, incremental approach that builds on existing coverage is more achievable and preserves choice. The prescription drug savings alone (\$100-150B/10yr) represent the largest single healthcare savings opportunity.

## "Student loan forgiveness should be broader."

Vincent supports targeted forgiveness through strengthened IDR and PSLF programs, plus interest rate reform and expanded Pell Grant access for short-term credentials. Broad-based forgiveness without systemic reform simply resets the clock on the same broken system. The "education revolution" — CTE, apprenticeships, AI-readiness — addresses root causes alongside immediate relief.

### SECTION XV

## xv Implementation Strategy

### Phase 1: Immediate (First 100 Days)

Introduce comprehensive fiscal reform legislation. Reassert Congressional trade authority. Restore IRS enforcement funding. Begin drug price negotiation expansion. Protect SNAP and Medicaid from OBBB cuts through targeted legislative action.

### Phase 2: Year 1 (2027)

Pass individual tax rate restoration (39.6% top rate). Enact corporate loophole package. Begin international tax reform (GILTI). Introduce carbon fee legislation. Launch housing affordability and childcare initiatives. Pass digital asset tax compliance framework.

### Phase 3: Years 2-4 (2028-2030)

Implement Social Security payroll tax reform. Phase in carbon fee with dividends. Full IRS modernization and enforcement ramp-up. Farm Bill reauthorization with SC-7 priorities. Student loan interest rate reform. Expand Medicare drug negotiation to 50 drugs/year.

### Phase 4: Years 5-10 (2031-2036)

Achieve primary balance (deficit excluding interest payments). Continue spending efficiency programs. Measure results against CBO baseline. Adjust policies based on economic conditions and fiscal outcomes. Build toward full balanced budget by 2039-2041.

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## Conclusion

America's fiscal crisis is not a mystery and it is not unsolvable. It is the predictable result of specific policy choices — choices to cut taxes for the wealthiest while borrowing to cover the gap, to let corporations shield profits offshore while working families bear the burden, and to treat the national debt as someone else's problem.

John Vincent offers a different choice. A moderate, common-sense path built on the proven precedent of the only period in modern American history when the federal budget was balanced. A path that asks the wealthiest to pay rates they paid during the most prosperous decade in recent memory. A path that protects Social Security, Medicare, and SNAP while finding real savings through efficiency, accountability, and the elimination of waste. A path that invests in SC-7's families through housing affordability, childcare, education reform, agricultural support, and fair trade — not with empty promises but with specific, funded proposals.

Russell Fry voted to add \$3-5 trillion to the national debt, cut \$930 billion from Medicaid, slash \$285 billion from SNAP, weaken drug pricing protections, raise the estate tax exemption to \$15 million for the wealthiest 0.1% of Americans, and defund the IRS — all while doing nothing to protect SC-7's farmers from tariff damage, nothing to address the housing crisis, and nothing to lower prescription drug costs.

The choice could not be clearer. John Vincent will fight for fiscal responsibility, fair taxation, and the working families of South Carolina's 7th District — not for the donors, the lobbyists, or the ideologues. That is what common sense looks like in Congress.

Paid for by John Vincent for Congress

[VincentForCongress.com](https://VincentForCongress.com)    [Policy@VincentForCongress.com](mailto:Policy@VincentForCongress.com)

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