

# The Street

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## *Romney's Tax Plan Adds \$2.6 Trillion to Deficit: Study*

By [Joe Deaux](#)

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NEW YORK ([TheStreet](#)) -- Mitt Romney's fresh tax plan may fall short of its intended goals. A study finds that the Republican candidate's plan on the whole would increase the national debt by about \$2.6 trillion, according to the nonpartisan Committee for a Responsible Federal Budget.

"Estimated roughly, ignoring interactions and microdynamic effects, we find that without offsets Governor Romney's plan on the whole would increase the debt by about \$2.6 trillion," the committee said.

The Romney campaign has said that its plan would pull from a broad enough tax base to make the plan deficit-neutral, but the budget group said his policies on the whole would have no measurable effect on the debt by 2021.

"While they have not named any specifics, it is important to note that doing so would require making substantial changes to many tax expenditures, among the largest of which are for mortgage interest, charitable giving, employer-provided health care, and state and local taxes," the budget group said.

Romney's newly proposed tax plan calls for across-the-board 20% cuts in marginal tax rates, repeal of the alternative minimum tax, and [reform of credits, deductions and exemptions](#).

Chris Edwards of the Cato Institute [suspected in a Feb. 7 interview that Romney might seek to raise revenue](#) by reducing reductions, credits and exemptions, and he highlighted as an example the Bowles-Simpson plan that cuts back on mortgage interest deduction, health care exclusion and other loopholes.

So while Romney's tax plan sticks to his promise to cut taxes, the GOP candidate's vague point that "higher-income Americans in particular will see limits placed on deductions, exemptions, and credits that are currently available" could be a running source of revenue for the government.

[U.S. gross debt](#) rose to 103.5% of gross domestic product in 2011, but the study found that Romney's plan by 2021 would result in debt levels of about 86% of GDP. Romney's 86% would be similar to the percentage of GDP in 2009, 84.7%, but still 30 percentage-points higher than fiscal year 2001.

The budget group said that its numbers are estimated and that it will continue to update the forecasts as Romney releases more details.

-- *Written by Joe Deaux in New York.*