# Return on Investment Accountability Act
# "Anti-Moocher Bill"

Congressman Josh Gottheimer and Congressman Leonard Lance

Every year, states including New Jersey, New York, Connecticut, Illinois pay tens of billions of dollars more into the federal coffers than they get out; however, states like Mississippi and Montana continue to take more federal dollars than they pay. In 2013, for example, New Jersey and Connecticut paid $2,000 more per capita in federal taxes each year than they received from the federal government, while Kentucky and Alabama had a per capita surplus receipt of nearly $7,000. This transfer of wealth results in some states mooching off others— allowing certain states to reduce their property, local and state taxes as they become dependent on the federal spending. While supporting other states is laudable, this puts a burden on the donor states to raise state and local taxes to make up for the lack of federal funds coming back home. The donor states face a constant pressure on funding for police, firefighters, education, infrastructure, fighting the opioid epidemic and other priorities.

The *Return on Investment Accountability Act* addresses the disparity in federal spending between states by giving refundable tax credits to eligible recipients whose states get less funding from the federal government than the taxes they pay in aggregate. We need to lower taxes and cut spending and we must address this disparity that is driving up payer state taxes.

The bill requires:

- IRS to annually calculate an individual's payer state amount. The individual payer state amount is based off the excess federal taxes burden, if any, for a given state compared to the federal outlays received by the state in a calendar year, including government contracts.
- Eligible recipients of the tax credit must be a taxpayer, citizen, and resident of the state for more than half of the taxable year.
- To help seniors access the benefits, the refundable tax credit is structured similar to the Earned Income Tax Credit. This entitles a taxpayer regardless of income or tax liability to a refund.
- For example, if the IRS determined for calendar year 2016 that residents of a state paid per capita $2,000 as the individual's payer state amount, the taxpayers in the state are provided a $2,000 refundable credit for their 2016 tax filing that reduces their tax burden and/or provides a refund.