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Date: 10/4/2017 9:26:11 AM
Subject: Additional Tax Reform Information -- Manufacturing Focus

Hi all,

Some more information on tax reform with a focus on manufacturing from late last week.

Sincerely,
Doug Hoelscher
Special Assistant to the President &
Deputy Director, White House Intergovernmental Affairs

President Trump's Speech to the National Association of Manufacturers

Background:

- Today, the President spoke to the National Association of Manufacturers.
 - These are the men and women who create the products that power our communities, improve our lives, and defend our nation.
 - The President spoke at this event because everyone who was in that room believes in four beautiful words: "MADE IN THE USA."
- The Trump Administration has already taken historic steps to empower American manufacturers to grow and create jobs in the United States.
 - We have lifted restrictions on American energy.
 - Ended the war on coal.
 - Approved Keystone and Dakota Access pipelines.
 - Reversed EPA intrusions into the lives of hardworking Americans.
 - We have fought for fair and reciprocal trade deals.
 - Cracked down on countries that cheat
 - Ensured a level playing field for our workers – because when the field is level, no one can beat us
 - We have taken historic steps to protect our manufacturing and defense industrial base.
 - The president ordered a complete review of the manufacturing, technology, and supply chains we need to protect our country.
 - There is no national security without economic security.
 - We have rolled back job-killing regulations at an unprecedented rate.
 - For every new regulation, 16 have been eliminated.
- These actions have already produced massive results.
 - Unemployment is at a 16-year low.
 - The stock market continues to reach record highs.
 - GDP growth hit 3 percent last quarter.
 - Manufacturing confidence is at an all-time high.

Top Line:

- Our unified framework for tax reform will lead to a great American Manufacturing Boom
- WIN AGAIN
 - We will cut taxes on American businesses to restore our competitive edge and create more jobs and higher wages for American workers.
 - We will slash the rate for C-corporations from 35% to no higher than 20%.
 - We will cap the top tax rate for small businesses (pass-throughs) at 25%.
 - Businesses will be able to deduct 100% of the money they spend on capital investments for at least the next five years.
 - This will empower manufacturers to buy the heavy machinery they need to grow and thrive in America.
 - We will get rid of special interest tax breaks for big companies, but retain incentives for research and development and low-income housing.
 - We will give our workers the level playing field they deserve – and they will win, because if the fight is fair, no one on earth can beat the American worker.
- BRING IT HOME
 - The current system punishes companies for doing business in America and encourages them to move to other countries – it is time to bring them home.
 - This “Offshoring Model” has been disastrous for American workers and families.
 - Our “American Model” will reduce the burdens on American companies and encourage them to do business in our country.
 - We will stop penalizing companies that bring wealth they have earned overseas back to America.
 - By moving to a “Territorial System,” companies will no longer have to pay additional taxes when they bring profits back home.
 - Foreign profits already accumulated offshore will be subject to a low, one-time tax. The money will come flowing back to America.

THE WHITE HOUSE
Office of the Press Secretary

FOR IMMEDIATE RELEASE

September 29, 2017

MANUFACTURING OPTIMISM AT “HISTORICALLY HIGH LEVELS” IN 2017

“[T]his year we have seen the highest consecutive three-quarter average [of optimism among U.S. manufacturers]—90.9 percent having a positive outlook for their company—in the survey’s history.”

2017 Third Quarter Manufacturers’ Outlook Survey

National Association of Manufacturers

September 29, 2017

...

In the latest Manufacturers’ Outlook Survey from the National Association of Manufacturers (NAM), the historically high levels of optimism that U.S. manufacturers expressed during the first two quarters of 2017 continued unabated through the third quarter. In March, 93.3 percent of respondents were positive about their own company’s outlook, an all-time high in the survey’s 20-year history.

...

As a result, this year we have seen the highest consecutive three-quarter average—90.9 percent having a positive outlook for their company—in the survey’s history.

After years of economic headwinds, uncertainties and policy setbacks, since the 2016 election the survey has shown positive indicators about the health of the manufacturing sector, both in the U.S. and globally.

...

The current data suggest that manufacturing production should grow 3.6 percent between now and the first quarter of 2018... This indicates that activity should continue to pick up in the coming months, with output in the sector currently growing 1.2 percent year-over-year.

...

Manufacturers are optimistic about the chance that long-sought-after comprehensive business tax reform will be enacted into law.

...

In this survey, more than 87 percent of respondents said that a comprehensive plan that included these tax policy changes would address their concerns with the current tax system.

...

In general, the survey results and comments indicate support for a simpler and modern tax code that would allow manufacturers to be more competitive in the global marketplace. Along those lines, nearly 65 percent of respondents said that comprehensive business tax reform would encourage their company to increase capital spending...This was closely followed by significant proportions suggesting that they would expand their businesses (64.3 percent), hire more workers (57.3 percent), increase employee wages and benefits (52.2 percent), and invest more dollars in the community (34.2 percent).

...

[Read the full survey here.](#)

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 29, 2017

REMARKS BY PRESIDENT TRUMP
TO THE NATIONAL ASSOCIATION OF MANUFACTURERS

Mandarin Oriental
Washington, D.C.

11:41 A.M. EDT

THE PRESIDENT: Thank you very much. (Applause.) Thank you very much. Taking up a lot of television time, but that's okay. (Laughter.) Thank you all very much. It's great to be here with the National Association of Manufacturers. And I especially want to thank your president, Jay Timmons, and your chairman, David Farr, along with all of the members of Congress that are here today. And they're working hard, I will tell you that.

I'd like to begin by sending our thoughts and prayers to the people of Puerto Rico who have been struck by storms of historic and catastrophic severity. People have never seen anything like this. We've undertaken a massive federal mobilization to assist Puerto Rico, including the presence of over 10,000 federal personnel, including 5,000 U.S. military and National Guard personnel, led by a very, very strong and talented three-star general.

All appropriate departments of our government, from Homeland Security to Defense, are engaged fully in the disaster and the response and recovery effort -- probably has never been seen for something like this. This is an island surrounded by water -- big water, ocean water.

We're closely coordinated with the territorial and local governments, which are totally and, unfortunately, unable to handle this catastrophic crisis on their own. Just totally unable to. The police and truck drivers are very substantially gone. They're taking care of their families and largely unable to get involved, largely unable to help. Therefore, we're forced to bring in truck drivers, security, and many, many other personnel, by the thousands. And we're bringing them onto the island as we speak. We've never seen a situation like this.

The electrical grid and other infrastructure were already in very, very poor shape. They were at their life's end prior to the hurricanes. And now, virtually everything has been wiped out, and we will have to really start all over again. We're literally starting from scratch.

Ultimately, the government of Puerto Rico will have to work with us to determine how this massive rebuilding effort -- it will end up being one of the biggest ever -- will be funded and organized, and what we will do with the tremendous amount of existing debt already on the island.

We will not rest, however, until the people of Puerto Rico are safe. These are great people. We want them to be safe, and sound, and secure, and we will be there every day until that happens.

Likewise, we're working closely with the Virgin Islands on the disaster recovery, and that effort is going

very, very well. Both governors, I have to tell you, of Puerto Rico and of the Virgin Islands have been extremely good. They are working so hard. But there's nothing left. It's been wiped out. The houses are largely flattened. The roads are washed away. There is no electricity; the plants are gone. They're gone. It's not like, let's send a crew in to fix them. You have to build brand-new electric. Sewage systems wiped out. Never been anything like this.

So there remains a lot of work to do, and we will work with the folks that we're working with right now. They're trying very, very hard -- I will tell you that. But nobody has ever seen anything like it.

We're here today at the National Association of Manufacturers to discuss our vision for America's economic revival and to celebrate the people whose vision and products stock our shelves, fill our homes, and enrich our lives.

I want to express my special gratitude to the incredible workers on stage. Congratulations. (Applause.) They are the ones -- and millions out there -- now, they're not as good as you, but they're very good. (Laughter.) But the millions out there whose dedication and drive makes this country run.

It's a great honor to be here with the men and women whose creations power our communities and protect our nation. We are all here today for the same reason -- because we believe in that beautiful, beautiful phrase that hasn't been used so much over the last three decades: Made in the USA. (Applause.) It's a phrase that fills our hearts with pride, and they embody the skill, grit, and drive of the American worker.

The single best tribute to our workers can be found in the unmatched quality and craftsmanship of the amazing products they bring from the blueprint to the storefront. "Made in the USA" is a global symbol of unrivaled excellence.

My administration is working every day to lift the burdens on our companies and on our workers so that you can thrive, compete, and grow. And at the very center of that plan is a giant, beautiful, massive -- the biggest ever in our country -- tax cut. (Applause.)

For decades, the policy of Washington D.C. on the subject of manufacturing was a policy best summarized in one word: surrender. They surrendered. Under my administration, the era of economic surrender is over, and the rebirth of American industry is beginning. America is winning again, and America is being respected again. And you see that happening all over. You see the five plants that were announced just recently -- auto plants. So many people are coming back into this country. They want to be back in. Other countries are bringing their companies and sending their companies in. They all want to be back, and that's great for our workers.

On every front, in every way, on every policy, we are guided by the same economic goal: to keep jobs in America, to bring jobs to America, to create real prosperity for America, the country that we love.

That is why we have lifted the restrictions on American energy, ending the war on coal, approving the Keystone XL and the Dakota Access pipelines. And I'll tell you something: I did that immediately -- first couple of days; 48,000 jobs and everybody is happy -- and reversing the EPA intrusion into your business and into your lives. Instead, we are returning the EPA to its core mission: clean air and crystal clean water. That's what we want. We want clean air. We want clean water.

We're fighting to create fair and reciprocal trade for American companies -- and the word "reciprocal" is so important -- lifting barriers to our exports; cracking down on countries that cheat, of which there are many; and ensuring a level playing field for our great American workers and our great American companies. Because when our workers have a level playing field, no one -- absolutely no one -- can beat us. Right? Right? (Applause.)

We've also taken historic action to protect our manufacturing and defense industrial base. My administration has ordered a first-ever complete review of the manufacturing technology and supply chains we need to protect our country. We cannot have national security without economic security.

To further unleash American enterprise, we have taken unprecedented steps to remove job-killing regulations that sap the energy, creativity, and dynamism from our country. We are cutting regulations at a pace that has never even been thought of before -- not even thought of. This is a groundbreaking campaign and involves every department and agency across our government.

We are requiring every federal manager to systemically review, and then remove, the regulations that destroy your jobs, hamstring your companies, and undermine your ability to compete. And we need some regulations, but we don't need 35 regulations to take care of one item. We don't need to go through nine different agencies to get something taken off. We want beautiful, fast, efficient regulation that works. (Applause.) Thank you.

Already, we are seeing the results of an economic policy that puts America first. Unemployment is at a 16-year low. Wages are rising. The stock market is soaring to record levels. The S&P hit a record high just this morning, as I was coming over. GDP growth hit over 3 percent last quarter -- was just adjusted yesterday, and is now at 3.1 percent -- a number that hasn't been seen in a very, very long time, and a number that's way ahead of schedule. (Applause.)

And I believe we're doing better this month, but unfortunately having the hurricanes hitting Texas, and Florida, and Louisiana and, obviously, other locations -- and especially where we are right now, with the kind of money we're spending on Puerto Rico and Virgin Islands, it's going to be a little bit of a hit. But we're doing extremely well, even this quarter, despite the hurricanes.

Manufacturing confidence is at an all-time high. America is finally back on the right track. But our country and our economy cannot take off like they should unless we transform America's outdated, complex, and extremely burdensome tax code. It is a burden on our country. (Applause.)

We have a once-in-a-generation opportunity to pass tax reform that is pro-growth, pro-jobs, pro-worker, pro-family, and pro-American.

Our current tax code punishes companies for doing business in the United States, and encourages them to leave. And that's what's happened for so many years. And that's one of the reasons, probably the prime reason, that companies are leaving our country and firing all those people. They're not bringing the jobs with them; they're giving other countries those jobs, firing all of those great people. That's stopping. It's already started to stop about nine months ago. But that's stopping, and it's stopping right now.

We need a tax system that encourages companies to stay in America, grow in America, and hire in America. (Applause.) For several months, my administration has been working closely with Congress to develop a framework for tax reform that will deliver exactly that: more jobs, higher pay, and lower taxes for middle-income families and for American businesses of all sizes. And these are businesses that create jobs.

We unveiled an incredible framework on Wednesday in Indiana -- a great state -- and I'd like to share with you four core principles of our plan:

First, we will cut taxes for everyday, hardworking Americans, and we're going to cut them substantially. Under this framework, the first \$12,000 for a single individual and the first \$24,000 for a married couple will be absolutely tax free -- no tax. We are nearly doubling the amount of income that is taxed at a rate of zero. Above that amount, income will be taxed at three rates -- 12 percent, 25 percent, and 35 percent.

We will also substantially increase the child tax credit to save working families even more money,

because we know the most important investment our country can make is in our children.

Our framework also provides relief to those who care for an older loved one through a \$500 tax credit -- something that everybody has been wanting so badly for so long.

By eliminating the tax breaks and special interest loopholes that primarily benefit the wealthy, our framework ensures that the benefits of tax reform go to the middle class, not the highest earners.

That's why we have also have given Congress the flexibility to add an additional top rate on the very highest income earners to provide even more tax relief for everyday working people.

Second, our framework will make the tax code more simple, fair, and easy to understand. American families and businesses waste billions and billions of dollars, and tens of billions of dollars on excruciating paperwork and compliance every single year -- and it never ends. Under our framework, the vast majority of families will be able to file their taxes on a single sheet of paper.

We're also repealing the unfair and complicated alternative minimum tax, or AMT. The AMT requires many people to calculate their taxes two different ways and pay the higher of the two amounts. We're closing loopholes, reducing burdens, and replacing confusion with total clarity.

As part of this simplification, we're also going to protect millions of family businesses by ending the crushing, horrible, and unfair estate tax, also known as the death tax. (Applause.) That means for those of you with small and family-owned businesses, your family won't have to sell the business in a fire sale just to pay a very, very high and unfair tax. Your families can continue to run your businesses with love and dedication and remembrance of you.

We will protect our manufacturers and our workers, and we will make taxes simple, easy, and fair for all Americans. And it's about time. (Applause.)

We will cut taxes on American businesses to restore our competitive edge and create more jobs and higher wages for the American worker.

The last major tax reform was passed more than 30 years ago in 1986, with a large bipartisan majority. This sounds so nice. Wouldn't that be nice? (Laughter.) Come on -- look -- we have so many right here. Let's go, raise your hands, fellas, if you're -- the 1986 tax bill, which substantially reduced our business tax rate to make America globally competitive, went through the roof. The plan worked; the jobs and industry boomed. Other countries saw our success and copied our playbook. Our foreign competitors adopted tax rates much lower and much more competitive than our own.

In fact, when it comes to business tax, we are now dead last among developed nations. We pay the highest tax of any nation in the world. Our rate is the least competitive rate there is.

Our business tax rate is 60 percent higher than our average economic competitor. Think of that. And then you say, how do you compete? Well, in many cases, you don't. Our companies leave; they go to other countries. It's a massive tax on every product made in America, giving countries like Germany, Canada, Japan, South Korea, China and Mexico -- not to mention so many others -- a massive head start over American industry.

It is time to go from dead last to pretty much the front of the pack -- pretty much. (Applause.) We won't be the lowest but we'll be getting pretty close.

Under our framework, we will dramatically cut the business tax rate so that American companies and workers can beat our foreign competitors. (Applause.) We will cut the business tax rate from 35 percent, all

the way down to 20 percent -- below our average competition, by far.

And this is a revolutionary change, and the biggest winners will be everyday working families as jobs start pouring into our country. (Applause.) When companies leave our shores, it's American workers who get hurt -- they get fired. When companies stay in America, and move to America, it's our wonderful workers who reap the benefits and the rewards.

And for the majority of American manufacturers that file taxes as sole proprietors or S corporations or partnerships, we will cap your top tax rate at a maximum rate -- unlike present -- of 25 percent. That's your maximum rate. (Applause.) This will be the lowest top marginal income tax rate for small- and medium-sized businesses in more than 80 years. The lowest in 80 years. (Applause.) And it will be rocket fuel for our economy.

To further help our companies to compete, for the next five years our framework will allow you to fully write off the cost of new equipment in the year you buy it. Think of that one. To me, that's so big. (Applause.) So you don't take it over many years; you take it immediately upon when you buy it. That will be something that people have never seen before, and it will be great. It will be truly great. That means more production, more investment, and far more jobs.

If we want to make more products and say "Made in America" -- because that's what we want -- "Made in the USA" or "Made in America" -- then we have to reduce taxes on the businesses that produce in America. And with your help, that is exactly what we are going to do.

Fourth and finally, our framework -- and you have to remember, you see what's happening with companies and offshore -- encourages American companies to bring back trillions of dollars in wealth parked overseas. Our current tax code actually punishes companies for keeping their headquarters in America and discourages them from bringing back the profits they earn overseas. We are going to reverse that.

Right now, we have at least \$3 trillion overseas. And I must tell you, I've been following this for six years, and Republicans and Democrats have always said we want that money to come back. So they all agree, and they still never got it done. We're going to bring everybody together, and we're going to get that done. (Applause.)

We will eliminate the penalty on bringing back the future earnings and bringing them back to the United States in full. And we will impose a one-time low tax on money currently parked overseas so it can be brought back home to America, where it belongs.

For too long, our tax code has incentivized companies to leave our country in search of lower tax rates. My administration rejects the offshoring model, and we have embraced a new model. It's called the American model.

We want companies to hire and grow in America, to raise wages for American workers, and to help rebuild American cities and towns. When we grow American manufacturing, we don't only grow our jobs and wages, but we also grow America's spirit. When we purchase products made in America, fashioned by our fellow citizens, we renew the bonds of national loyalty that link us all together as one.

There is a great patriotism that lives inside the men and women who leave their hearts on the factory floors, who pour their hopes into the works of iron and steel, and who turn dreams into reality with their own two hands.

When they huddle in the breakroom, at the rest stop, or at the end of a long and very tiring shift, they take pride in knowing that the products they work and the products they make aren't just building business; they're building families and communities, and, most of all, they are building this nation that we all love so

much. (Applause.)

We want every American to know the dignity of work, the pride -- the pride, the beautiful pride -- getting a paycheck, the satisfaction of being told that was a job well done.

We want every parent to be able to care for their children, and we want every child to know a home filled with love, and a community filled with hope.

That is the America we see when we look at our American flag that hangs in all of our factories, sails our oceans, and waves over our cities, towns, and fields. We love our American flag. (Applause.)

The soul of a country is found in the people who make it a home, and we owe it to our citizens to provide them with a future of opportunity where they can earn a living with dignity and purpose and pride. We can build this future together as one team, one people, and one great American family.

This can be remembered as the moment we took control of our destiny and chose a future of American patriotism, prosperity, and pride.

With your help and your voice, we will bring back our jobs, we will bring back our wealth, and for every citizen across this land, we will bring back our great American Dream. (Applause.)

Thank you. God bless you. And God bless America. Thank you very much, everybody. Thank you.

END 12:10 P.M. EDT

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