

From: Gray, Christopher S. EOP/WHO <Christopher.S.Gray@who.eop.gov>
To: Gray, Christopher S. EOP/WHO Christopher.S.Gray@who.eop.gov
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Subject: Update - Need for Tax Reform

Good Morning

Below, please find several recent articles calling for meaningful tax reform.

Christopher S. Gray
Senior Associate Director
White House Office of Intergovernmental Affairs

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PRESIDENT DONALD J. TRUMP: "WITH TAX REFORM WE CAN MAKE IT MORNING IN AMERICA AGAIN"

"The optimism has returned — the sun is once again rising over America. But our economy cannot take off like it should unless we transform our outdated, complex and burdensome tax code, and that is exactly what we are proposing to do. Revising our tax code is not just a policy discussion — it is a moral one, because we are not talking about the government's money — we are talking about your money, your hard work."

With tax reform we can make it morning in America again

By President Donald J. Trump

USA Today

October 22, 2017

Today is the anniversary of former president Ronald Reagan signing into law the Tax Reform Act of 1986. The act was the second major law he signed to reform the tax code for the American people.

Republicans and Democrats came together to cut taxes for hardworking families in 1981, and again in 1986 to simplify the tax code, so that everyone could get a fair shake. The rest, as they say, is history.

The economy boomed, launching into one of the largest peacetime economic expansions in history. Dormant small businesses and factories sprung back to life. The famed American Worker produced at unprecedented levels. The median family income rose. And more American products than ever before reached foreign shores, stamped with those four beautiful words: "Made in the USA."

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It was a time of extraordinary optimism — it was truly "Morning in America," an economic miracle for the middle-class.

A lot has changed since then, especially when it comes to taxes.

While our economic competitors slashed their taxes in hopes of replicating America's success, our leaders remained complacent or, in some cases, reversed course.

We are now among the highest taxed nations in the developed world. Our tax code and laws have nearly

tripled in length since the 1986 reforms. They now span 2,650 pages, with another 70,000 pages of forms, instructions, court decisions, and other guidance.

We have watched our leaders allow other countries to erode our competitive edge, take our jobs, and drain our wealth. And, for the first time in our history, Americans have feared that their children will not grow up to be better off financially than they are.

That era of economic surrender is now over.

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The optimism has returned — the sun is once again rising over America.

But our economy cannot take off like it should unless we transform our outdated, complex and burdensome tax code, and that is exactly what we are proposing to do.

Revising our tax code is not just a policy discussion — it is a moral one, because we are not talking about the government's money – we are talking about your money, your hard work.

...

Our plan will transform the tax code so that it is once again simple, fair and easy to understand. We want you to spend your valuable time pursuing your dreams, not trapped in a tax compliance nightmare.

We will cut taxes for hardworking, middle-class families.

...

The tax cuts and reforms of the 1980s show that when we empower the American people to pursue their dreams, they will not only achieve greatness and create prosperity beyond imagination, they will build an entirely new world.

It is time to ignite America's middle class miracle once again.

[Read the full op-ed here.](#)

The Wages of Corporate Taxes

Wall Street Journal

Editorial Board

October 23, 2017

What do left-of-center economists have against a tax cut that would raise wages for American workers? They're always telling us that America needs a raise, and that labor isn't capturing enough of corporate profits. Yet along come Republicans promising to raise wages by encouraging more investment in the U.S., and they react with shock and smears.

That's the only way to describe the remarkable attack on economist Kevin Hassett for marshaling the considerable economic evidence that cutting the corporate tax rate to 20% from 35% will benefit workers. Mr. Hassett is an expert in this field, having done his own research over the years, and now he is chairman of the White House Council of Economic Advisers.

The Tax Policy Center, which fancies itself nonpartisan but has a record of opposing every

Republican tax reform, assailed the Trump-Congress tax policy framework by inventing details that don't exist.

There is a long and legitimate debate about who pays corporate taxes. Corporations essentially collect taxes that are ultimately paid by someone else: a combination of workers in lower wages, customers in higher prices, or shareholders in lower after-tax returns.

For many years the dominant belief was that shareholders bore the biggest burden, but this has changed in recent decades with new research on the impact of capital mobility in a global economy. While labor is relatively immobile, especially across national borders, capital can go where ever it wants with relative ease.

What really angers the liberals is that, in a paper released this month by the White House, Mr. Hassett collected years of economic evidence to make the case that cutting the U.S. rate to 20% would raise average wages by \$4,000 to perhaps more than \$9,000. Outrageous, says Mr. Summers.

But Mr. Hassett isn't alone. Economist Laurence Kotlikoff wrote on these pages last week that the GOP framework would "raise real wages by 4% to 7%, which translates into roughly \$3,500 a year for the average working household." Other economists have found the increase closer to \$1,000. Still others say it's higher, but the debate is over the magnitude of the raise, not the fact that American workers will benefit if the U.S. cost of capital falls.

[Click Here For The Full Article](#)

Ivanka Trump: Tax Relief for the "Modern American Family"

Topline: The modern working, American family has changed dramatically since the last time tax reform was implemented. Women now comprise about half of the workforce, and women owning small businesses have more than doubled. Whether women are making investment decisions at home on behalf of their families, or are at work, tax reform will benefit them greatly.

What to Know:

- Ivanka Trump is in Bucks County, PA to talk about tax reform. From her prepared remarks:
 - "It's been many decades since the last time the tax code was looked at and the realities of the modern working, modern American family have changed since then."
 - "We're advocating strongly for the expansion of the child tax credit. We think it is critically important to help offer American families much needed relief, and to prioritize what's right for their families."
 - "Whether they're working from the home and making decisions about the choices of the school they'll send their children to, the after school programs, the investment in that child, or whether they're outside of the home and cannot afford the cost of childcare."
- President Trump's tax reform is pro-family and looks to provide middle-class families with a simpler tax code dedicated to keeping as much money as possible in the hands of Americans.
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- The plan will create an effective “zero tax rate” for the first \$24,000 earned by a married couple.
- President Trump’s corporate tax cuts will boost family earnings by \$4,000.
- The child tax credit increase — coupled with a doubling of the standard deduction — will help in more families get the tax cut they need.

Why Is This Important?

- Women make up more than half the American population, and, according to the Department of Labor, are projected to account for 51 percent of the increase in total labor force growth between 2008 and 2018.
- According to a [study](#) done by American University’s Kogod Tax Policy Center:
 - Since 1986, the number of women business owners have increased from 4.1 million to 11 million
 - This represents more than 1/3 of all U.S. businesses.
 - Their growth rate exceeds that of male business owners by 4 to 1.
 - They contribute to the 1.6 trillion to the economy while employing 9 million people.
 - Women entrepreneurs are shut out of \$255 billion provided by small business tax breaks because of the industries they are in or how their companies are legally organized.

As Congress Tackles Tax Reform, Women Business Owners Need Them To Do Some Homework
By Caroline Bruckner, Opinion Contributor The Hill — 06/30/17

Earlier this week, leading business groups [sent a letter](#) to Congressional leaders urging them to press forward with a budget resolution so they can tackle comprehensive tax reform. But before Congress rushes into tax reform, it must do some homework to ensure any new policies do the most they can to help small businesses grow.

We know the current system isn’t working well for many small businesses, but more work needs to be done with respect to women-owned businesses—99 percent of which are small, according to the [Small Business Administration’s Office of Advocacy](#).

Groundbreaking new research by American University’s Kogod Tax Policy Center looks at tax incentives aimed at helping small businesses grow and access capital. In producing [Billion Dollar Blind Spot: How the U.S. Tax Code’s Small Business Expenditures Impact Women Business Owners](#), we worked with Women Impacting Public Policy to [survey 515 women business owners](#) to understand how tax provisions that Congress developed to help small businesses (Sections 1202, 1244, 179 and 195) impact women business owners. Our research found women-owned firms are potentially missing out on more than \$255 billion from these tax breaks. [Read More](#).

"One provision of the Republican's tax-cutting plan that has drawn intense opposition from Democrats is the elimination of state and local tax deductions for those who itemize.

"This SALT deduction, as it's sometimes called, will cost the federal government \$1.8 trillion over the next decade, according to the Tax Foundation.

"And the benefits go almost entirely to upper-income families.

"As a result, 88 percent of the \$1.8 trillion cost of this tax break goes to the 10 percent of families with incomes above \$100,000.

"And since the GOP plan would nearly double the standard deduction, the cost of getting rid of the SALT tax break will be even more concentrated among upper-income families.

"So why are Democrats so intent on keeping it?

"To understand that, you also have to also understand that the benefits of the SALT deduction are heavily skewed toward wealthy high-tax states, for the simple reason that the more someone pays in state and local taxes, the more they can deduct from federal income taxes.

"Not only are these high-tax states, but they all just happen to be heavily Democratic. (Hillary Clinton had an average 21.6-point margin of victory in these seven states.)

"In effect, then, the SALT tax break has turned into a massive federal subsidy of profligate liberal states, paid for by fiscally conservative states.

"That's why Democrats are so determined to keep it. Not because they care about working class families, but because they don't want to see their rich friends who live in deep-blue states get hurt."

Governor Phil Bryant - Trump Tax Reform Plan Reflects Mississippi Fiscal Values, Current Efforts

The framework President Donald Trump and the Republican congressional leadership have formulated to overhaul the federal tax code will provide much-needed relief for hard-working Americans and allow our businesses to expand and create jobs.

The simplicity and fairness the plan will inject into our system of taxation is laudable and long overdue. It marks a welcome departure from the burdensome laws that have taken too much of Mississippians' hard-earned money and stifled economic innovation, capital investment and job creation.

Since I took office in 2012, we have worked hard to enact state tax policy that takes power away from bureaucrats and returns it to the private sector, where innovation and efficiency are more valued. With the help of Republican leadership in the Mississippi Legislature, we have done that and are

seeing the benefits of trusting citizens and businesses to make better choices than the government.

In five years, we have added more than 60,000 jobs. We have strengthened our position as a global leader in automotive manufacturing and shipbuilding. Our presence in the tire manufacturing sector is growing. Yokohoma's facility in West Point is already in operation. Continental Tire is building its largest facility ever just a few miles from the Governor's Mansion. That project, which represents \$1.5 billion in private investment and 2,500 jobs, was named the Economic Deal of the Year by Business Facilities magazine. It helped Mississippi earn our first Gold Shovel from Area Development magazine.

Our unemployment rate reached historic lows this year. Area Development magazine ranks Mississippi as a Top 10 State for Doing Business and No. 4 in the country for overall cost of doing business. This fiscal year, we begin to phase out the corporate franchise tax, which Forbes calls the "tax cut of the year." Also, Mississippi was just named one of Kiplinger's 10 Most Tax-friendly States.

Freeing Mississippi's economy to grow and thrive has clearly paid dividends. That kind of freedom is something workers and businesses across America have long deserved.

Reworking federal tax laws is the natural accompaniment to the elimination of burdensome regulations the Trump administration has made a priority since the president assumed office. It also fulfills the promise the president and Republican leaders made to empower businesses to grow and thrive and the commitment to allow workers in Mississippi and across the U.S. to keep as much of their hard-earned money as is humanly possible. The proposal accomplishes all this while employing common-sense reforms that will make taxes fairer and simpler for every taxpayer.

With a level playing field, American businesses and workers will once again dominate a global economy. I am grateful the president and the Republican congressional leadership are committed to making that happen. The framework deserves to become legislation and should pass Congress. This is a once-in-a-lifetime opportunity that we cannot afford to miss.

Phil Bryant, a Republican, is governor of Mississippi.

<http://www.clarionledger.com/story/opinion/columnists/2017/10/20/trump-tax-reform-plan-reflects-mississippi-fiscal-values-current-efforts-ms-gov-phil-bryant-column/785246001/>

Sen. John Thune: Why the GOP-Trump Tax Plan Works

TIME - Sen. John Thune

Thune, a Republican, is the senior Senator from South Dakota

The American people have had a rough time over the past few years. Fifty percent of Americans consider themselves to be living paycheck to paycheck, while almost a third of voters say they are just \$400 dollars away from a financial crisis. That's not acceptable. Fortunately, there are things we can do about it, starting with comprehensive tax reform.

Comprehensive tax reform is perhaps the single most important thing we can do to provide financial relief to American families and get our economy back on the path to long-term health. That's why Republicans in Congress have spent several months working with the Trump administration on a tax reform framework that we believe will lead to more jobs, fairer taxes, and bigger paychecks, and why the tax-writing committees in the Senate and the House of Representatives are currently hard at work drafting legislation.

Our tax reform framework prioritizes tax relief for the middle class by ensuring working families receive a much-needed increase in take-home pay. To start with, our plan will lower income-tax rates for hardworking families around the country. We will also double the standard deduction to \$12,000 for single filers and \$24,000 for married couples who file jointly. While all Americans will benefit from this provision, it will particularly benefit the low-income families who need

help the most. Under our tax plan, a family making \$24,000 or less per year will not have to pay a dime in federal income taxes.

There is no denying that raising a family in the United States is getting more and more expensive. That's why we will also help working families by increasing the size of the child tax credit. This will free up money that families can use for anything from dentist bills to college savings. And for low-income families who won't pay income tax under our plan, up to \$1,000 of this new, larger child tax credit will be refundable.

In addition to direct relief for working families, our tax plan will also provide for the kind of economic growth needed to give hardworking Americans access to new jobs and opportunities and increase their take-home pay. To start with, our plan will lower tax rates for small businesses and family farms and ranches.

Small and medium-size businesses are an important engine of economic growth, but our tax code makes things more difficult for these job creators by saddling them with high tax rates — at times even exceeding those paid by some large corporations. By lowering tax rates for these businesses, we can help them reinvest more of their earnings into their operations. The Republican tax plan will also allow small and medium-size businesses to recover their costs more quickly, which will also help free up money they can use to grow their business and create new jobs. This is good news for the American worker.

But there's more that we can do to increase wages, jobs, and economic growth. One key thing we can do is address our high corporate tax rate, which is reducing opportunities for American workers and sending American jobs overseas. Right now, our corporate tax rate is the highest in the industrialized world at 35 percent. Our main foreign competitors pay an average rate of 22.5 percent. That puts American companies at a major disadvantage in the global marketplace, which in turn hurts American workers. Companies struggling to compete with their foreign counterparts don't have a lot of extra money to invest in things like new jobs and boosting wages.

Plus, our uncompetitive tax rate has driven too many companies to move their headquarters and jobs overseas, which means further loss of opportunity for American workers. Lowering the corporate tax rate will help American businesses compete in the global economy, which will in turn help increase jobs, wages, and opportunities for hardworking Americans here at home. According to a recent analysis by the President's Council of Economic Advisers, lowering the

corporate tax rate from 35 percent to 20 percent would increase average household income in this country by an estimated \$4,000 per year.

Another way we can help keep American businesses competitive globally is by reforming our outdated worldwide tax system. Right now, American companies pay taxes to foreign governments

on the money they make abroad, and are then taxed again on part of those profits — again, at the highest tax rate in the industrialized world — when they bring that money back home to the United States. It's no surprise that this discourages businesses from bringing their profits back home to invest in new jobs and increased wages.

Our tax plan addresses this problem by moving our country from a worldwide tax system to a territorial tax system, the kind of tax system now employed by most of our foreign competitors. This move, which has bipartisan support, would eliminate the double taxation companies currently face and encourage them to bring the profits they make overseas back to the United States to invest in American workers.

Americans have spent too much of the past decade struggling with high taxes, stagnant wages, and a lack of opportunity. It's time to give them relief. Right now, we have a unique opportunity to implement pro-growth tax reform policies that will provide more jobs, fairer taxes, and bigger paychecks for hardworking individuals and families across the country. As we move through the legislative process, I will continue to work with President Trump, my fellow members of the Senate Finance Committee, and leadership in the House to ensure that comprehensive tax reform makes it to the president's desk for his signature.