



November 17, 2017

## **Support the Tax Cuts and Jobs Act**

On behalf of our activist community, I urge you to contact your senators and ask them to support the Tax Cuts and Jobs Act, as marked up by the Senate Finance Committee. The bill would deliver tax relief to the American people, reform the tax code, and make American businesses more competitive on the international stage.

The Senate Finance Committee's version of the Tax Cuts and Jobs Act would modify the existing individual tax rate structure and nearly double the standard deduction. Importantly, the proposal repeals most tax credits and deductions. This would simplify the tax code, reducing the annual tax compliance burden, which, in 2016, consumed 8.9 billion hours and \$409 billion. According to the Joint Committee on Taxation (JCT), every income group would see their average effective tax rate decline compared to current law.

Importantly, the proposal would repeal ObamaCare's individual mandate. This is a regressive tax. The Internal Revenue Service (IRS) shows that nearly 80 percent of households that pay this tax for not purchasing expensive health insurance plans under ObamaCare earn under \$50,000. These low and middle income Americans who may not have the means necessary to purchase coverage, even with subsidies. Inclusion of the repeal of the individual mandate also sends a message that Congress is not finished with the topic of health insurance reform.

The Tax Cuts and Jobs Act would reduce the statutory corporate income tax rate to 20 percent from 35 percent, beginning in tax year 2019. Although FreedomWorks strongly believes that this provision should begin in tax year 2018, it is a dramatic improvement over current law. As the Tax Foundation has noted, the average corporate income tax rate in the world is 22.5 percent. Lowering the corporate rate to 20 percent would make the United States more competitive on the international stage and keep American jobs at home.

There are improvements that could be made. Again, the corporate income tax changes should begin in tax year 2018. The proposed changes to the treatment of pass-through businesses – partnerships, S-corporations, and limited liability corporations (LLCs) – should be addressed to ensure that these business owners are protected from an unreasonable tax burden. The estate tax,

commonly and correctly known as the “death tax,” should be repealed. Additionally, although the individual tax reforms are temporary, ending at the end of tax year 2025, permanence should be achieved.

We hope at least some of these concerns can be addressed within the confines of the FY 2018 budget resolution in the conference committee between the House and Senate.

The economy has not seen annual economic growth of 3 percent or higher since 2005. The tax and regulatory climate under the previous administration did not help as the United States was recovering from the Great Recession. FreedomWorks is confident that the plans offered by the House Ways and Means Committee and Senate Finance Committee will grow the economy, put more money in the pockets of Americans, and make the United States more competitive.

This is a generational moment. The House has already acted. The Senate should follow suit. For these reasons, I urge you to contact your senators and ask them to support the Tax Cuts and Jobs Act.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Brandon', with a stylized flourish at the end.

Adam Brandon  
President, FreedomWorks