

MAKE THE TAX CUTS AND JOBS ACT PERMANENT

The American people are known for their incredible talent and work ethic, but high taxes can stifle their industrious spirit and make it difficult for them to support their families and their communities. The antidote is to lower taxes and enable individuals to lift up themselves, their families, and their neighbors as they pursue their unique version of the American Dream.

The passage of the Tax Cuts and Jobs Act (TCJA) in 2017 was a key driver of a much-needed American economic renaissance. This achievement came after several years of slow growth and malaise that characterized the anemic recovery from the 2007-09 Great Recession. From 2017 to 2019, the economy responded to this pro-growth tax reform package by delivering historic income gains and poverty reduction. These results touched every corner of the economy, bringing opportunity to more regions and to people who were previously left on the sidelines.

The adoption of the TCJA achieved long-overdue reforms to make American businesses more globally competitive by reducing the corporate income tax rate from 35% to 21%. It also provided long-overdue relief to families and small businesses by reducing marginal individual income tax rates. Additionally, the TCJA implemented a fiscally responsible \$10,000 limit on the state and local tax deduction that previously acted as a major federal subsidy to high-income individuals living in spendthrift states and localities.

These substantive changes in corporate and individual tax policies helped reorient our economy to incentivize business capital investment and accelerate real GDP growth. The resulting increase in productivity growth led to durable, non-inflationary economic prosperity.

A historic blue-collar boom lifted 6.6 million people out of poverty between 2017 and 2019, the largest three-year reduction to start any presidency in more than 50 years. And the poverty rate fell to an all-time low of 10.5% in 2019, including significant declines for minority populations.

A handful of TCJA's provisions are slated to expire under current law, while others have been targeted by the Left for repeal, as evidenced by the minimum book tax in the recently-passed Inflation Reduction Act. Making TCJA permanent would aid America's economic recovery by reducing business uncertainty, boosting investment, and helping the American worker.

Unfortunately, rather than pushing to make TCJA permanent and continuing this proven blueprint for economic success, the Left is crippling the post-COVID recovery and hurting American families, workers, and businesses. The American Rescue Plan Act passed in March 2021 cost \$1.9 trillion, flooded the economy with deficit-financed cash, and helped spark the worst bout of inflation in 40 years. By June 2022, the inflation rate surpassed 9% and remains well above 8%. In comparison, the year-over-year inflation rate was less than 2% prior to its passage.

Furthermore, the administration's budget proposal for fiscal year 2023 would undo elements of the TCJA and raise taxes by \$2.5 trillion over the next decade. This would erase the 10-year tax cut provided by the TCJA and then some, thereby weakening America's prospects for recovery and growth.

THE FACTS

Under the Tax Cuts and Jobs Act:

- ★ Unemployment fell to a 50-year low of 3.5% in February 2020, and more jobs were available than individuals unemployed.

- ★ The female unemployment rate hit its lowest rate in nearly 70 years before the pandemic.
- ★ Incomes soared by \$5,000 between 2017 and 2019, with income growth setting an all-time record in 2019.
- ★ American households in the bottom 50% of the socioeconomic scale saw a 40% increase in their real net worth, while wages grew fastest for low-income and blue-collar workers.
- ★ The U.S. experienced fast, non-inflationary growth, with inflation rising less than 2% in 2019, defying many forecasters' expectations.
- ★ Make TCJA permanent through congressional action.
- ★ Lower corporate tax rates and reduce tax rates on Americans' paychecks and small business income to incentivize work and investment.
- ★ Oppose ongoing efforts to hike taxes, surrender America's economic sovereignty to multilateral institutions through tax "harmonization," and implement universal basic income style schemes.

After 21 months of the current administration's economic policies:

- ★ GDP contracted at an annual rate of 1.6% in the first quarter of 2022 and 0.6% in the second quarter, putting the U.S. economy on the precipice of a recession.
- ★ Inflation hit a 40-year high of 9.1% in June 2022.
- ★ Americans are now paying record prices for gas and other necessities.

THE AMERICA FIRST AGENDA

At the federal level, support policies that:

REFERENCES

- 19.2 percent of unemployed had been jobless for 27 weeks or more in February 2020, U.S. Bureau of Labor Statistics (March 2020).
- 57% Favor Making Trump Tax Cuts Permanent; 24% Opposed by Scott Rasmussen, ScottRasmussen.com (Jan. 2022).
- America deserves better than what Congressional Democrats are offering by Brooke Rollins, America First Policy Institute (Aug. 2021).
- America's pro-work, pro-family, consensus is under attack by Cale Clingenpeel and Dr. Laurie Todd-Smith, America First Policy Institute (Sept. 2021).
- Back to the Future with the Highest Inflation in Four Decades, America First Policy Institute (Jan. 2022).
- Center for American Prosperity Overview, America First Policy Institute (Sept. 2021).
- Economic Report of the President, Council of Economic Advisers (Feb. 2020).
- Economic Report of the President, Council of Economic Advisers (Jan. 2021).
- Happy 4th Anniversary TCJA, America First Policy Institute (Dec. 2021).
- Investing in our Most Critical Asset – The American Worker by Linda McMahon, America First Policy Institute (Sept. 2021).
- Progressives are the New Regressives, America First Policy Institute (Jan. 2022).
- Runaway Inflation and The Big Government Socialism Bill, America First Policy Institute (Dec. 2021).
- Stumbling into the New Year with More Disappointing Jobs Growth, America First Policy Institute (Jan. 2022).
- The 2017 Tax Cuts and Jobs Act, America First Policy Institute (Sept. 2021).
- The America Works Report: Quantifying the Nation's Workforce Crisis, U.S. Chamber of Commerce (June 2021).
- The Biden Administration's Proposed Global Minimum Tax, America First Policy Institute (Sept. 2021).
- The Costs and Burdens of Inflation and Its Relationship to Policy by Cale Clingenpeel and Aaron Hedlund, America First Policy Institute (Nov. 2021).
- US inflation: Federal Reserve raises interest rates as US economy eyes spike from Putin's war in Ukraine by James Sillars, Sky News (March 2022).