

Finding Common Ground on Taxes

The forum will feature passionate but respectful, informed exploration of important questions shaping the debate over federal tax policy in this presidential election year. A question and answer period will be included.

A Research Guide to Left and Right Positions on Taxes



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We will be sharing Common Ground agreements on during the Forum on Twitter:
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1. Current Tax Realities

Where we are now- Problems being created because of current policies

Impact on economy

Impact on society / income inequality

Impact on budget

FUND GOVERNMENT ECONOMIC INITIATIVES

- The US tax code is unfairly complex and encourages tax evasion.
- Revenue shortfalls stunt private-sector growth by underfunding investment in infrastructure, education, and research.
- Deficits have dropped two-thirds as a percentage of GDP since 2009, now below 40-year average.

- The rich pay too little in taxes.
- Years of low taxes underfunds public investment and pushes low-income families deeper into poverty.
- Taxing capital gains at lower rates than ordinary income mainly helps the 1% and is unfair.

- The US is one of the least taxed developed countries (OECD).
- Federal revenue shortfalls lead to cuts in services that are passed on to the states, affecting especially students and the poor.

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CUT TAXES AS MUCH AS POSSIBLE

- The US tax code, like the government is too large and complex, damaging business competitiveness.
- High tax rates force companies to focus on reducing taxes rather than investing for growth, including moving headquarters abroad with some \$2.1 trillion in profits overseas.
- Lower tax rates mean consumers will spend more, boosting growth.
- Job growth is still weak, and unless business taxes are lowered to reignite the economy, it will not improve.

- The rich pay more than their fair share of taxes
- High corporate tax rates hurt middle class incomes by discouraging investment and job creation.
- If you tax investment income more, you get less of it. The economy needs more investment, not less, to create jobs.
- The US is in a mild business recession, and unless something is done to reignite the economy, it will spread.

- Big federal budgets enable more burdensome regulations for business, so corporate taxes need to be lowered.

2. Goals of Tax Reform

Where we want to head- Positions are still quite divergent



Overall Goal

Fund Government

Deficit Reduction

Fairness

FUND GOVERNMENT ECONOMIC INITIATIVES

- Make the tax code simpler and less weighted in favor of the wealthy.
- Raise more income to spend on infrastructure and social programs.

- Lower taxes will starve government, cut job creation, and hurt people dependent on a social safety net.
- Targeted spending on infrastructure and education will revive economic growth.
- Raising the annual limit on earnings will keep Social Security solvent or enhance it.

- Deficit reduction has gone too far and the nation needs to reinvest in jobs.
- More tax cuts will add dramatically to federal debt.

- Corporations and the rich pay too little.
- The rich can afford lobbyists, who add to the complexity of the tax code.

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CUT TAXES AS MUCH AS POSSIBLE

- Make the tax code simpler and distribute the burden of taxation more broadly.
- Lower taxes, spur economic growth, and make US business more competitive internationally.

- Higher taxes will discourage job creation in the private sector.
- Scale back federal role in education and other functions better served by states or the private sector.
- Tax reform must reduce the entitlement burden.

- Deficit cuts are needed but they need to be more strategic.

- A simpler tax code that broadens the base will grow the economy.
- Raise the personal exemption on income to make the tax code fairer.

3. Impact of Politics



Unique political campaigns- Intense political climate

In Flux

On Tax Reform

Political Climate

FUND GOVERNMENT ECONOMIC INITIATIVES

- Throngs of voters turned out. The establishment candidate prevailed.
- To coopt Sanders backers, Clinton is pulling to the left on taxing the rich.

- Raise revenues by taxing the rich, particularly Wall St. who leverages obscure elements of the tax code to pay less taxes.

- Brexit-type uncertainty leads to volatility and further exacerbates income inequality.
- Disenchantment with unrestrained capitalism after 2008 means equal distribution of wealth is no longer seen by voters as "waging class warfare."
- Recent data on the top 1% is so compelling that the case for income redistribution makes itself

FINDING COMMON GROUND

CUT TAXES AS MUCH AS POSSIBLE

- Throngs of voters turned out. The anti-establishment candidate prevailed.
- Trump is positioning the party away from some traditional Republican stands on trade and taxes.

- Cut rates by closing some tax breaks.

- Uncertainty and volatility are part of the ebb and flow of capitalism that leads to growth in the long term
- Regardless of perception, income redistribution is class warfare.
- Success should not be penalized. Income redistribution threatens the American dream.

4. Tax Reform Proposals



Where we can go- Opportunities to work together

FUND GOVERNMENT ECONOMIC INITIATIVES

CUT TAXES AS MUCH AS POSSIBLE

FINDING COMMON GROUND

Personal

- Place a surtax on the highest incomes.
- Tax capital gains, dividends, and ordinary income at the same rate to avoid the Warren Buffet syndrome.
- Replace the Alternative Minimum Tax (AMT) with a 30% minimum tax on income greater than \$1 million.

- Lower tax rates to encourage work, investment, and savings and broaden the base.
- Lower the top tax bracket from 39.6% to 28%.
- Lower capital gains rate to encourage investment.
- Simplify the tax code by reducing the number of tax brackets, consolidating the standard deduction, personal exemptions, and child tax credits.
- Eliminate the Alternative Minimum Tax (AMT).

Estate Tax

- Raise the highest estate tax rate to 45% and decrease estate tax exclusion to \$3.5 million to generate needed funds for government services.

- Repeal federal estate ("death") tax to avoid unfair double taxation and encourage economic growth.

Corporate

- Raise the 35% corporate tax rate.
- Penalize corporations that move headquarters overseas.
- Lower tax barriers to repatriating some \$2.1 trillion in profits now held overseas.
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- Significantly lower or eliminate the current 35% corporate tax rate to boost growth.
- Tax US companies only on the income they earn in the US. Stop taxing foreign sales.
- Remove tax barriers to repatriating some \$2.1 trillion in profits now held overseas.

Deduction & Loopholes

- Get rid of tax breaks that only benefit the wealthy.
- Cut deductions and loopholes as part of a grand bargain to lower middle-class tax rates.

- Remove deductions that favor one industry over another, such as solar energy.
- Cut deductions and loopholes as part of a grand bargain to lower tax rates.