

Love or Hate Him, the Jeb Bush Tax Proposal Is a Refreshing Code Overhaul

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A long-anticipated Jeb Bush tax proposal was revealed late Tuesday evening, Sept. 8, in a *Wall Street Journal* op-ed.

Therein, the former Florida governor stated his intention to overhaul the current tax code, describing it as a "convoluted nightmare" that drives American businesses to relocate overseas.

Here's a breakdown of Bush's tax reform plan...

Jeb Bush Tax Proposal Breakdown

First, Jeb Bush suggested the reduction of individual tax brackets, down to three (28%, 25%, and 10%), instead of the current seven (10%, 15%, 25%, 28%, 33%, 35%, and 39.6%). "At 28%," wrote Bush, "the highest tax bracket would return to where it was when President Ronald Reagan signed into law his monumental and successful 1986 tax reform."

Bush then outlined his desire to "eliminate the convoluted, lobbyist-created loopholes in the code." He took aim at the wealthy's ability to deduct greater shares of their income than anyone else. This part of the proposal echoes GOP frontrunner Donald Trump's idea, who told *Bloomberg* on Aug. 26 that he wanted to simplify the tax code and tax the rich.

Lastly, Bush made an argument for lowering the corporate tax to 20% from its current 35%, while giving businesses the chance to deduct new capital immediately. You see, according to Cato Institute research, the United States has the highest corporate tax rate among major industrial nations. Its effective tax rate of 35.6% on new corporate investment is nearly twice the average rate for the 90 countries studied. That's why 21 out of the 500 companies on the S&P 500 are headquartered outside of the United States.

But as these giants dodge taxes, their contribution toward the nation's total tax revenue has declined.

"To pay for this [rate reduction]," he wrote, "we will eliminate most corporate tax deductions—which is where favor-seeking and lobbying are most common – and remove the deduction for borrowing costs. That deduction encourages business models dependent on heavy debt."

Bush concluded his tax proposal by admitting that the way to change the tax code and policies is to first change the way Washington works. And to do that, he wrote, "We have to change who

we send there to lead. That's what my economic plan will achieve, and that's why I'm running for president."