

The Washington Times

Trump sells tax plan in Pennsylvania: ‘Rocket fuel for our economy’

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October 11, 2017

Middletown, Pa. — President Trump promised an audience packed with truckers Wednesday that tax cuts will create jobs and raise wages, moving to blunt the chief criticism that Republicans’ proposed tax reforms would be a giveaway to the wealthy at the expense of the middle class.

The president went to the heart of a state that was key to his upset win in November to make the appeal to blue-collar workers and small-business owners.

“It will be rocket fuel for our economy,” he said on a stage surrounded by huge American flags in a hangar at an Air National Guard base just outside Harrisburg.

Mr. Trump described the tax cuts as the centerpiece of his economic plan, which he said was already working. Tax reform, he said, would kick the economy into overdrive.

“Our country and our economy cannot take off like they should unless we transform America’s outdated, complex and extremely burdensome tax code,” he said. “It means more jobs, higher pay and lower taxes for middle-income families and American businesses of every size.” He accused his Democratic critics of misrepresenting the tax reform framework that will have many details filled in by Congress.

He said they “forgot to mention” the proposed expansion of the zero tax bracket, which eliminates taxes on the first \$12,000 earned by individuals and \$24,000 earned by married couples filing jointly.

“They are not telling you the truth. They pretend there is not a zero rate, and it is expanding substantially,” Mr. Trump said.

He also said that incentives for U.S. companies to bring home profits parked overseas would ripple through the economy.

“We will impose a one-time low tax on money currently parked overseas so it can be brought back home to America — where it belongs,” he said. “My council of economic advisers estimates that this change, along with a lower tax rate, would likely give the typical American household a \$4,000 pay raise.”

The White House selected Pennsylvania for the event in part to put pressure on two-term Democrat Sen. Robert P. Casey Jr., who is up for re-election next year. Mr. Trump hopes to pick up a couple of Democratic votes to pad the Republicans’ thin majority in the Senate and avoid the types of failures they suffered while trying to repeal Obamacare.

It was Mr. Trump’s third event in Pennsylvania since the election.

He told the crowd that Congress members who oppose tax cuts would be doomed at the ballot box.

“Sadly, the Democrats have become obstructionists,” he said. “They want to raise your taxes substantially. Open borders and high taxes, that’s not a way to get elected.”

Still, Mr. Casey hasn’t flinched.

Against Trump tax cuts

In a letter to the president, Mr. Casey denounced the tax plan as a windfall for the very wealthy that will make some middle-class families pay more.

“I believe moving forward with this partisan proposal will be to the detriment of working Americans across the country who rely on their elected officials to advance sound policy that can increase wages and create jobs for our middle-class families,” the senator wrote.

He cited a review by the Tax Policy Center, a nonpartisan Washington think tank, that found 30 percent of Americans making \$50,000 to \$150,000 a year could see a tax increase by 2027. The analysis also determined that 80 percent of the benefits of the proposed Republican reforms would go to the top 1 percent by 2027.

Democrats and other detractors have been widely citing that figure.

Not One Penny, a coalition of liberal groups opposed to the Republican reforms, demonstrated against the plan earlier outside the state Capitol in Harrisburg.

“The vast majority of this money does not go to small-business people. It goes to very rich people, it goes to lawyers,” said Marc Stier, director of the liberal Pennsylvania Budget and Policy Center.

Senate Minority Leader Charles E. Schumer, New York Democrat, said “it would be a miracle” if the plan helped the middle class.

Mr. Schumer got all but three of his Senate Democrats to sign a pledge to oppose any plan that includes tax cuts for top earners.

Reaching out to the base

In his speech, Mr. Trump lauded truckers as heroes.

“America first means putting American truckers first,” he said.

The president outlined how truckers and trucking, the largest employer in approximately 29 states, will thrive under the tax reforms, saying:

- The middle-class tax cut will put money back into their pockets, and the simplified tax code will save them time and money.
- Tax cuts for manufacturers will spur business growth and production of more American-made goods that truckers will be hired to transport.
- Dropping the top marginal income tax rate for small businesses to 25 percent will benefit self-employed truckers who often file taxes as pass-through entities.
- Incentives for U.S. corporations to bring home trillions of dollars parked overseas to avoid high taxes will contribute to rebuilding crumbling infrastructure that truckers depend on.

The invitation-only audience was filled with business groups, including the Pennsylvania Manufacturing Association, the Pennsylvania chapter of the National Federation of Independent Business and the Harrisburg Regional Chamber of Commerce.

Several county and state lawmakers also attended.

Among the Pennsylvania lawmakers accompanying the president was Rep. Lou Barletta, who is running for the Republican nomination to take on Mr. Casey next year.

Mr. Barletta was an early Trump supporter and is positioning himself as the Trump candidate in the Senate race.

“He’s going to win — win big,” Mr. Trump said when introducing Mr. Barletta to cheers from the crowd.

Ahead of the speech, Mr. Barletta touted Mr. Trump’s efforts to jump-start the Pennsylvania economy, including the rollback of Obama-era regulations under the Environmental Protection Agency.

“The Obama administration illegally went around Congress and passed a policy that would cripple Pennsylvania industry,” he said. “By rolling back this regulatory overreach, President Trump again shows he has the backs of hardworking Pennsylvanians.”

GOP tax plan analysis

Analysis of the Republican plan's impact tends to split along ideological lines, although top earners who pay about 80 percent of taxes would reap substantial benefits under the current framework.

"I'm quite skeptical that tax reforms along the lines of the recently announced GOP plan will deliver noticeably higher job creation or weekly wages," said Gary Burtless, an economist at the left-leaning Brookings Institution who has written extensively about the Reagan-era tax reforms. "That earlier experience does persuade me, however, that the GOP's proposed tax treatment of 'pass-through entities' will open the door to massive tax avoidance for taxpayers who currently face marginal tax rates above 30 percent and who have creative tax advisers," he said. "My guess is that exploiting the new tax avoidance opportunities will consume a whole lot more talent and effort than the extra effort and ingenuity that goes into U.S. business expansion."

The rate for pass-through business where owners pay taxes at individual rates and other small business would get a 25 percent rate under the Republican plan.

Gary Cohn, director of the president's National Economic Council, said the reforms would include extensive safeguards to prevent the wealthy from manipulating the small-business rates. Chris Edwards, director of tax policy studies at the libertarian Cato Institute, vouched for the notion that slashing corporate tax rates would boost wages and jobs because businesses have more capital to invest in new endeavors and factories.

He also defended the rights of all taxpayers to keep their own money.

"A giveaway to the rich? No way," he said. "The vast bulk of money that funds the federal government — including the social programs that liberals love — are funded by those rich people. They earn the money, then the government confiscates much of it for hundreds of programs that don't work, harm society or are lousy with waste, fraud and abuse."

He added that the real injustice lies with "politicians who grab ever more money from high earners, and rather than even saying 'thanks,' they heap abuse on the targets of their legalized theft."

That leaves Americans free to pick and choose their tax facts.

In Middletown, retired Defense Department worker Ken Blouch said he didn't care how the poor or the wealthy fared under the plan.

"As long as the middle class gets some tax break, I'm good with that," said Mr. Blouch, 64.