



## Bush's tax plan passes first test, but challenges remain

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Jeb Bush's tax reform plan has passed a key initial political test, getting solid marks from conservative economic analysts. But more challenges remain.

Charges that the former Florida governor is an establishment moderate hover over him like a black cloud. That's why Bush, who ranks second in the *Washington Examiner's* presidential [power rankings](#), has so much riding on policy roll-outs like the introduction of his comprehensive tax reform plan.

His record during two terms leading the Sunshine State was remarkably conservative, and Bush, perhaps more than his competitors for the GOP presidential nomination, is relying on his big ideas to tell that story and recast his reputation.

Center-right reviews of Bush's tax reform plan have been largely favorable. Plaudits have rolled in from, among others, Stephen Moore, a senior economic contributor at the Washington-based conservative advocacy group, FreedomWorks; Harvard economics professor Greg Mankiw; Daniel Mitchell, a senior fellow at the Cato Institute, a libertarian think tank; and the Wall Street Journal. The question is whether Bush's plan will get an endorsement from activist groups like Club for Growth and be deemed sufficiently bold by grassroots Republicans.

"If you are a Republican voter who just wants to 'rip up the tax code' and start over, then you would probably prefer a candidate who proposes a very low-rate flat tax and say he would eliminate the IRS. That is not the Bush plan, although it would greater alter the current tax code," said James Pethokoukis, an economic analyst at the American Enterprise Institute, a conservative think tank.

"But it does so in a way that is more politically feasible and reflects the sorts of changes most conservative economists might recommend," Pethokoukis added.

Bush's plan would significantly reduce individual and corporate rates, eliminate the marriage penalty and the alternative minimum tax that hits the upper middle class hard, as well as some popular business tax breaks derided by conservatives as crony capitalism. Bush's proposal also would incentivize investment, and some analysts say it would generate [robust job growth](#) and wage gains. Liberal critics have attacked the plan because wealthier earners, who pay more in taxes, would see more tax relief than the middle class.

Here's how Bush described his plan Thursday during an interview on CNN: "My plan looks very similar to the 1986 plan, which was a bipartisan tax plan under the Reagan administration that

created an explosion of investment and higher wage growth and economic growth for our country over an extended period of time. That's what we need to get back to is high sustained economic growth."

On tax reform, Bush is competing with Republican presidential contenders who have, or are expected to, offer plans more ambitious in scope than his.

Sen. Rand Paul of Kentucky has proposed a \$2 trillion tax cut as part of a plan that would replace the existing code with a flat tax of 14.5 percent on individuals and corporations, while eliminating most deductions. A plan from Sen. Marco Rubio of Florida would reduce individual and corporate rates and eliminate taxes on capital gains. Sen. Ted Cruz of Texas plans to propose a flat tax and vows to abolish the Internal Revenue Service.

Former Arkansas Gov. Mike Huckabee, meanwhile, supports shifting to a national sales tax and doing away with the income tax altogether.

Bush has taken some heat for his plan. Americans for Tax Reform panned parts of it. Robert Stein, a former Senate Budget Committee staffer who is now the deputy chief adviser at First Trust Advisors, urged conservatives in a tweet to "reject #jebbush perverse proposal. Two married couples, same total income, family w/ homemaker pays more in taxes."

Over time, it's possible that conservatives could decide that Bush's plan fails on the grounds that it wouldn't completely overhaul the existing tax code, and doesn't diminish the IRS. That would complicate Bush's attempt to cultivate an image as a conservative reformer who would do big things in Washington, as he did in Tallahassee — a record that included shrinking government and cutting taxes. Failure to reach GOP voters with this message could leave him stuck in a crowded primary field. He is currently running third in the RealClearPolitics.com average.

But team Bush is playing the long game. The governor wanted to run on a plan that was economically and politically feasible, so that if he wins, he has a mandate to push an achievable plan through Congress.

"We're running to win," a senior Bush campaign aide said Thursday. "We started with the idea that the governor's goal is 4 percent growth; tax reform has got to be a really big part of that. What is a tax plan that is practical, feasible and conservative?"