

Argus Leader

Tax cut for all? Rounds says yes

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May 24, 2017

Sen. Mike Rounds wants to give every American a tax cut.

A bill being introduced Wednesday by South Dakota's junior senator would divert more than \$150 billion back into taxpayers' pockets, he said. Rounds thinks people would mostly spend that money, spurring enough new tax revenue to mostly pay for the cuts.

But before you start counting on your tax return, the policy wonks have a reality check.

"It's not going to go anywhere," said Robertson Williams, a senior fellow at the non-partisan Tax Policy Center.

Without more co-sponsors and buy-in from the Senate Finance Committee, the bill will have a difficult if not impossible time clearing Congress, Williams said.

Rounds' proposal comes as Republican finance committees are considering overhauling the country's tax codes. The South Dakota senator thinks an across-the-board tax cut is needed first to stimulate the economy before attempting tax reform.

While Presidents John F. Kennedy and Ronald Reagan both slashed taxes to boost the national economy, today's lower unemployment and inflation would make the move less successful, Williams said.

"Pumping money into the economy doesn't seem like an entirely necessary or good idea right now," he said.

But Dan Mitchell, a senior fellow at the Libertarian Cato Institute, disagreed, saying the additional funds would encourage taxpayer spending.

"Lowering tax rates is always a pro-growth thing to do," Mitchell said. "He's taking the Reagan approach to boosting the economy."

Despite that, Mitchell said he wasn't sure the bill would fare well as the Trump administration, Speaker of the House Paul Ryan and Senate Finance Committee Chair Orrin Hatch have each brought their own reform packages.

Rounds said he hoped to bring the bill to jump-start the economy ahead of the implementation of a larger tax reform plan.

"My goal is to make a down payment so that we have time to have experts come in and actually re-do the tax code in a more logical fashion than simply trying to pick different items out of it," Rounds told Argus Leader Media.

Revenue might be lost as part of the proposal to reduce tax rates, Rounds said, but it would be returned in part through additional spending. And that small loss would pale in comparison to the deficit driven by spending for Medicare, Medicaid and Social Security, he said.

"The revenues that we're talking about here might amount to \$150 billion a year when what we're actually talking about is a \$1 trillion shortage each year moving forward," he said. "Until we jump start the economy, some people call it priming the pump, we will not cut our way out of this."

Rounds introduced his bill Wednesday morning. A fiscal impact statement wasn't immediately available for the proposal.