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Huntsman's Jobs Rx: Start by Revamping the Tax Code

Republican presidential hopeful and former Utah Gov. **Jon Huntsman** unveiled [a jobs plan](#) Wednesday that would begin with a dramatic overhaul of the U.S. tax code.



Republican presidential candidate and former Utah Gov. Jon Huntsman speaks during a campaign stop at Gilchrist Metal Fabrication, Wednesday, in Hudson, N.H. (AP Photo/Jim Cole)

Mr. Huntsman said he would wipe the code clean of all tax breaks to simplify its structure and significantly lower the rates. But the sheer boldness of the plan was met with some ridicule among liberals.

"Getting rid of all tax expenditures is a really nice talking point that makes absolutely no sense whatsoever," said **Michael Linden**, director for tax and budget policy at the Center for American Progress, a left-leaning think tank. "The idea that you can sweep them all away is pure fantasy."

Mr. Huntsman said Wednesday that his plan would be revenue neutral, meaning it would bring in the same amount of tax revenue as the current system. It would streamline the individual tax rates to three brackets — 8%, 14% and 23% — and reduce the top corporate tax

rate to 25% from 35%.

Mr. Huntsman also proposed getting rid of taxes on capital gains and dividends and eliminating the alternative minimum tax.

To pay for those changes, he would scrap all the tax breaks, which have multiplied over time. "Our tax code is too complex, our rates are too high, and the tax burden is carried by too few," Mr. Huntsman said.

Ending the biggest tax breaks would raise substantial revenue, but the most expensive breaks are some of the most popular.

Congress's nonpartisan Joint Committee on Taxation found in a March analysis that the top tax break is the one on employer-sponsored health care, with a \$659 billion price tag between 2010 and 2014. The second is the deduction for home mortgage interest, at \$484 billion over the same time period.

Even the most aggressive plans from the flurry of budget commissions over the last decade have stopped short of recommending a full elimination of all tax breaks, said **Ted Gayer**, senior fellow at the Brookings Institution. However, the widely popular idea of lowering rates and broadening the base of taxpayers is a "noble goal," he said.

Mr. Huntsman's 12-page proposal noted the tax section was modeled after "Ronald Reagan's 1986 tax reform package," but not all agreed with that characterization. "The 1986 tax reform did not pay for lower rates by eliminating deductions," noted **Alan Reynolds**, senior fellow at the libertarian Cato Institute. Some conservatives hoped the audacity of the plan would push the idea of overhauling the tax code past the current partisan impasse over raising revenues.

"It's certainly not a timid proposal," said **Scott Hodge**, president of The Tax Foundation, a tax research group that advocates lower taxes. "In order to move the debate forward on fundamental tax reform, sometimes you have to push the discussion as far as you can."

Mr. Huntsman also backed changing how U.S. corporate profits earned overseas are taxed and establishing a temporary tax holiday for companies to bring home funds now held overseas.

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