

THE IMPLICATIONS OF TAX REFORM AND THE STATE OF ECONOMY

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RELIEF FOR AMERICAN WORKERS

- A TYPICAL MIDDLE INCOME FAMILY OF FOUR IN TEXAS' 8TH DISTRICT WILL SEE A TAX CUT OF \$2,632

| JANE A. SMITH Example Pay Stub | | |
|-----------------------------------|---------|----------------|
| SUMMARY: | | |
| Gross Pay: \$XXXX | | |
| Net Pay: \$XXXX | | ① |
| EARNINGS: | | |
| Pay: | Hours: | Wages: |
| Regular Pay | ## | \$XXXX |
| Overtime Pay | ## | \$XXXX |
| TAXES: | | |
| Deduction: | Amount: | Taxable Wages: |
| State Income Tax | \$XXX | \$XXXX |
| FICA Taxes | \$XX | \$XXXX |
| Medicare Taxes | \$XX | \$XXXX |
| Federal Tax Withholding | \$XXX | \$XXXX |
| Total | \$XXXX | |

1. Net Pay: This is the total amount of money you keep from every paycheck after federal income taxes and other deductions. With the *Tax Cuts and Jobs Act*, this number will be larger for the vast majority of Americans due to lower tax rates and a significantly larger standard deduction.

2. Federal Tax Withholding: This is the amount of your pay the federal government takes from every paycheck for income taxes. With the *Tax Cuts and Jobs Act*, the vast majority of Americans will see this number go down in comparison to past pay stubs.

RELIEF FOR AMERICAN FAMILIES

- **Allows you to keep more of every paycheck** by reducing tax rates at all income levels and nearly doubling the standard deduction to \$12,000 for individuals and \$24,000 for married couples.
- **Doubles the Child Tax Credit from \$1,000 to \$2,000** per child to better help parents with the cost of raising children.
- **Preserves the mortgage interest deduction** to help current and aspiring homeowners.
- **Continues to allow people to write off the cost of state and local taxes** up to \$10,000 and provides you with the ability to deduct property taxes and income taxes – or sales taxes – to best fit your unique needs.

GROWING JOBS, PAYCHECKS AND OUR ECONOMY

- Delivers historic tax relief for businesses of all sizes so our local job creators can keep more of their income to invest in their businesses and workers.
- **Helps unleash the growth of jobs and paychecks** by allowing all businesses to immediately deduct the full cost of new equipment that improves operations and enhances the skills of workers.
- **Establishes America as a 21st century magnet for job creation** and encourages companies to bring home their profits from abroad to invest here in our communities.
- **Protects American workers** and prevents jobs from moving overseas by eliminating incentives that reward companies for shifting jobs, profits, and manufacturing plants abroad.

SUPPORTING MAIN STREET JOB CREATORS AND WORKERS

- The *Tax Cuts and Jobs Act* is helping small businesses grow, hire, and invest in our communities. Here's how:
- **Delivering Significant Tax Relief**
- **Offers a first-ever small business tax deduction** of 20 percent to support our Main Street job creators and the millions of Americans they employ.
- **For pass-through business income of up to \$315,000, the business owner can deduct 20 percent from their taxes.** At this income level, that means \$63,000 is protected from taxes and can instead be used for the needs of the business and its workers.
- For business owners with income above this level, the 20 percent deduction is available if they meet straightforward criteria based on either wages paid or capital invested in the business.
- **Protects more wage income from taxes by lowering individual tax rates** to zero, 10%, 12%, 22%, 24%, 32%, 35%, and 37%.

SUPPORTING MAIN STREET JOB CREATORS AND WORKERS (CONT.)

- **Helps ensure that Main Street tax relief goes to the local job creators it was designed to help most** – establishing strong safeguards so that wage income does not receive the lower effective marginal tax rates on business income.
- **Provides immediate relief from the Death Tax** by doubling the amount of the current exemption to reduce uncertainty and costs for many family-owned farms and businesses when they pass down their life's work to the next generation.
- **Protects the ability of small businesses to write off interest on loans**, helping these Main Street entrepreneurs start or expand a business, hire workers, and increase paychecks.
- **Reduces the complexity and tax burden millions of small business owners** face by increasing the exemption amount from the Alternative Minimum Tax (AMT).

HELPING AMERICANS COMPETE AND WIN GLOBALLY

- **Delivers a competitive corporate tax rate:** A lower corporate tax rate of 21% – below many of America’s major global competitors – will help our businesses compete around the world and create good-paying jobs here at home.
- **Modernizes our tax system for the 21st century:** America’s global businesses will no longer be held back by an outdated “worldwide” tax system that results in burdensome double taxation for many of our nation’s job creators.
- *Darden Restaurants, JPMorgan Chase, and Intel have announced expanded benefits for employees, higher wages, and new stores opening up due to a lower corporate rate.*

GROWING JOBS AND PAYCHECKS HERE AT HOME

- **Encourages our job creators to bring home profits now stranded abroad:** Our modernized tax code will make it easier and far less costly for American businesses to bring home earnings from overseas to invest in growing jobs and paychecks in our communities.
- **Stops jobs from moving overseas:** Our reforms include tough but fair rules to end tax incentives that reward companies for shifting jobs, profits, and manufacturing plants overseas.
- *Fiat Chrysler is moving the production of Ram Heavy Duty trucks from Mexico to Michigan, adding over 2,500 jobs, and Apple plans to bring home close to \$250 billion in cash currently overseas.*

LAUNCHING NEW ERA OF INNOVATION

- **Unleashes business investment nationwide:** American businesses large and small will be able to fully write off purchases of equipment they can use to improve their competitiveness, expand operations, and increase the productivity of their workers.
- **Rewards “Made in America” research and development (R&D):** Preserving the R&D tax credit will encourage more businesses to invest and innovate here in America, creating jobs and helping our nation lead the way on the next generation of cutting-edge products and services.
- *Blumberg Grain announced a new cold-chain food storage facility and peanut processor in Alabama, creating 100 new jobs, and Brown-Forman in Kentucky is establishing its first charitable foundation.*

HELPING FARMERS AND RANCHERS

- The *Tax Cuts and Jobs Act* is already helping America's farmers and ranchers increase production, expand their operations, and invest more in their local economies. Here's how:
- **Lowering taxes for farms and ranches of all sizes plus workers and families**
- **The *Tax Cuts and Jobs Act* delivers the lowest tax rates in modern history for American business of all sizes** The law also reduces tax rates for workers and families of all income levels, nearly doubles the standard deduction, and increases the child tax credit from \$1,000 to \$2,000 per child.

HELPING FARMERS AND RANCHERS

- **Allowing farmers and ranchers to fully and immediately write off the cost of new equipment**
- Farms and ranches of all sizes and business structures can now immediately deduct 100 percent of the cost of farm equipment – including key tools such as tractors, combines, or harvesters. This will help farmers and ranchers improve their businesses and increase the productivity and paychecks of their workers.
- **Offering a new 20-percent deduction for farming pass-through businesses**
- Farms and ranches organized as pass-through businesses now have a first-ever deduction to protect 20 percent of their income from taxes. This provides another important source of tax relief and support to help our nation's agriculture businesses and the millions of American workers they employ.

HELPING FARMERS AND RANCHERS

- **Providing immediate relief from the Death Tax**
- The tax reform law doubles the exemption amount for Death Tax. Now, the vast majority of family farms and ranches can be passed down to the next generation without business owners having to worry about this unfair tax destroying what their family has worked a lifetime to build.
- **Maintaining interest deductibility for farms and a business deduction for property tax on farm land**
- In addition to full expensing of equipment, the *Tax Cuts and Jobs Act* allows farmers and ranchers to continue to write off the interest on loans. The law also preserves a full property tax deduction for land used by farm and ranch businesses so they can use the savings for their operations, their workers, and their future.

TAX REFORM STORIES IN CD8

- **Russell Marine:** Great example of a local small business that is reaping the many benefits of tax reform.
 - Pay raise of 10 percent
 - Bonuses totaling \$900,000
 - \$5 million in new equipment
 - New headquarters, complete with a training center
 - "This will be our best year ever." – Russell Inserra
- **Kennedy Fabricating:** In Splendora, employees 350 people.
 - "New jobs and new work." - Owner and President Kevin Kennedy
 - The team is optimistic about future as they see domestic and foreign investment increasing due to tax reform

TAX REFORM STORIES IN CD8 (CONT.)

- **Steely Lumber:** family-owned business that has had sawmills in Walker County since 1896
 - New equipment is giving them the ability to grow.
 - One employee shared that she's looking to become a first-time home owner because of the changes she sees in her paycheck.

DEMOCRATS WANT TO TAKE AWAY TAX CUTS

- **Here's the scary thing, all of these encouraging benefits for Americans across the country could be on the chopping block.** Democrats want to take your tax cut, and give it right back to Washington.
- **Just this past month—Leader Pelosi confirmed *herself*, that your taxes will be raised.** If given the chance, it's clear, they're going to make that a reality.
- Democrats are being proved wrong every day back home when it comes to Tax Reform.

BY THE NUMBERS

- \$125 Billion: The amount that has been invested back into the U.S. economy thanks to savings from the tax cuts and jobs act.
- \$1.63 Billion: The amount that has been donated to charity thanks to savings from the tax cuts and jobs act.
- 27.2 million more people that will take the standard deduction and avoid the complex itemizing process, thanks to the tax cuts and jobs act.

BY THE NUMBERS (CONT.)

- 100% of income groups will see a tax cut on average in 2018.
- 90% of Americans will see an increase in take home pay thanks to the Tax Cuts and Jobs Act.
- 82% of middle-class taxpayers will see a tax cut in 2018.
- 68% Of households could see lower utility bills thanks to the Tax Cuts and Jobs Act.
- 33% of small businesses are raising wages, the highest number in almost 18 years.

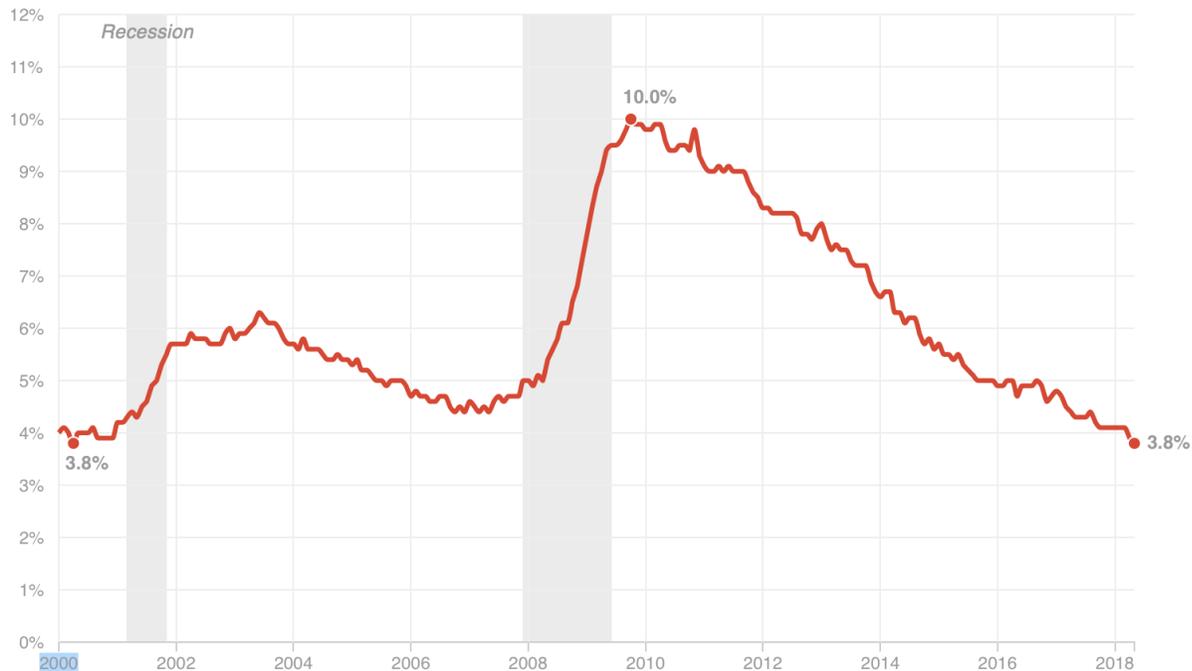
BUDGET SURPLUS

- The U.S. Treasury said the government saw its biggest monthly **budget surplus** on record in April. The numbers: The U.S. took in \$510 billion in receipts in April and spent \$296 billion, leaving the Treasury with a record monthly **surplus** of \$214 billion.
- With more money in people's pockets due to tax reform, people are spending more. Then therefor more sales tax dollars are coming into the government.

UNEMPLOYMENT RATE LOWEST SINCE 2000

U.S. Unemployment Dips To Lowest Rate Since 2000

Civilian unemployment rate, seasonally adjusted (January 2000 to May 2018)



Source: Bureau of Labor Statistics via [St. Louis Fed](#)

Employers added another 223,000 positions last month alone, the Labor Department said Friday. And the unemployment rate ticked down to 3.8 percent, the lowest since 2000, from April's 3.9 percent.

Notably, the unemployment rate for African-Americans fell sharply to 5.9 percent in May, from 6.6 percent a month earlier.