

2017 Tax Cut Bill

While there is always room for improvement the Tax Cut Bill passed this December is a step in the right direction. The socialist democrats who always brag that they are looking out for the little guy did not cast one vote to pass this legislation. The democrats did not care to give middle class Americans a tax break. Since the passage of the bill all they harp about is that the wealthy got the tax breaks. That is true, but the middle class got a bigger tax break.

Bottom 50% of taxpayers (\leq \$40k) pay 2% of the tax bill and receive 4.5% of the tax break.

The middle class tax payers (\$40k to \$70k) pay 37.6% of the tax bill and receive 51.7% of the tax break.

The top 5% tax payers (\$200k +) pay 59.5% of the tax bill and receive 43.8% of the tax break.

The leftist whine that the corporate tax cuts are permanent and the individual tax cuts expire in 10 years. Well if they stepped up to the table and supported the tax cut bill they would have been permanent. To make them permanent required 60 votes and the democrats refused to reduce the taxes for American workers.

There was no alternative tax plan provided by the democrats to be considered. They did want some kind of funding for DACA, but once again they were looking to help illegal aliens rather than citizens. I find it hard to believe that not a single democrat thought letting taxpayers keeping more of their money was more important than being an obstructionist as they dislike the president. Sad.

As for the corporations having their taxes reduced to me is probably a nuanced reduction. Many corporations do not pay the stated 35% tax, but after deductions average about 27% and some pay nothing. In reality corporations do not pay any taxes as they pass their taxes on to either the end consumer, the worker or the shareholder. Consumer prices are for the most part dictated by the market, so what portion the consumer does not pay becomes the burden of the worker and shareholder. So reducing the corporate tax rates will eventually benefit the worker and the shareholders. Remember that shareholders include those 401k and IRA pension plans.

No tax plan is perfect as we all hate to give up our hard earned money. But, we do want national security, civil order and justice and social safety nets to protect our country and way of life. So we have to ante up to fund these programs. It has been my thought that if I am paying taxes I am making money. What we do not want is to see is our money wasted and that is why we need a more visible tax expenditure system. Our collection system, IRS, takes our money and we never have an accountability of where and how it is spent. Our congressional leaders, department heads and military leaders have all been grossly incompetent in their oversight of how our money is used. Where are the inquiring minds of our press?

The polls indicate that 55% of Americans are against the Tax Cut Bill. Why? They are getting to keep their money. The democrats are using the polling data as talking points. What are they going to do if they gain control of congress? Raise the taxes back on the middle class? It does not make sense. My guess is that 55% of America did not read the tax bill, but are reacting to the media reports that reflect

the democrat talking points. Let's wait and see what happens when the people get a paycheck with more net income. The polling may be a little different.

I do want congress to address the carry interest loop hole that treats hedge fund managers' income as long term capital gain as opposed to income. That caps their income taxes at 20% versus 37.5%. The president said he would address that in his campaign and so far congress let this slide. This is something the democrats can rally around if they want to be constructive.