

Gingrich, small biz to launch major tax cut campaign

By: John Solomon

U.S. small-business owners are launching a nationwide blitz with former House Speaker Newt Gingrich to pressure Congress to pivot to tax relief after a frustrating summer of healthcare gridlock.

The group is armed with a survey showing that small-business owners want tax relief more urgently than a repeal of ObamaCare, so that they can reinvest in their companies or pay down debt.

A lobbying coalition led by the bipartisan small business group Job Creators Network (JCN) and more conservative groups like FreedomWorks and the American Legislative Exchange Council (ALEC) is planning to barnstorm the country in August to pitch lawmakers at summer town halls and to create a media echo chamber in key congressional districts.

Their goal is to force a pivot from healthcare legislation and to narrow ambitions from the complete tax code overhaul that has been favored by Speaker Paul Ryan (R-Wis.).

A centerpiece of Ryan's effort is a controversial border-adjustment tax that would impose a tax on imported goods while exempting products manufactured in the United States. The tax is intended to spur U.S. manufacturing growth, but has divided Republicans while encountering opposition from powerful business interests, including U.S. retailers.

The new business effort is focused on convincing lawmakers to focus on income tax relief.

Many would like to see a package of tax cuts for businesses and middle income Americans and a tax holiday for companies to repatriate hundreds of billions of dollars they've kept offshore for years, organizers said.

"I'm optimistic we might be able to get a pretty good consensus on tax cuts and get it passed and signed by Thanksgiving," Gingrich told *The Hill* in an interview.

His goal: Create a sense of urgency for tax cuts he says would bring political relief for weary Republicans and stimulus for the Main Street economy.

With President Trump's approval ratings in the high 30s and a lack of major legislative accomplishment by the GOP Congress, the former Speaker also says the effort reveals a stark political reality for Republicans.

"If we don't do something like that, we are in real trouble, and we have a real chance of having Nancy Pelosi as the next Speaker of the House."

Gingrich got a head start last week, meeting with Ryan,

White House aides and two dozen chief of staffs for U.S. senators in Washington and then flying to Denver to rally more than 1,000 state legislators at ALEC's summer meeting.

A friend of the president, who has met with senior White House staff in the last week, said Trump and his team appear ready to make August the kickoff month for tax relief with a new pitchman in communications director Anthony Scaramucci, a Wall Street veteran with strong economic roots, and several surrogates in the Cabinet and business world.

The Democrats are preparing their own economic plan to release in the next several days, creating two competing visions for pushing a reviving economy forward.

Gingrich, an outside adviser to Trump, will be among several VIPs criss-crossing the country in August to make the case with tours, lawmaker town halls, TV appearances and op-eds. Several major corporate executives with ties to small-business franchises are joining the bandwagon too.

"Politically, tax relief is the issue that can unite the factions of the Republican Party and even attract some Democrats, so it stands a better chance of passing than divisive issues like healthcare reform," said Heidi Ganahl, CEO and founder of Camp Bow Wow, the world's largest dog-care franchise. "This is vital for Republicans who need a win now."

The coalition is armed with a new Job Creators Network poll showing small-business owners prefer tax cuts even more than an ObamaCare repeal. It also shows 70 percent would reinvest tax savings into their business and employees through wage hikes, new hiring and expansion, while 30 percent would pay off debt incurred as a result of the slow economy and complying with regulatory requirements.

"This poll confirms what economists have long known. If you want to create an economic revival on Main Street, then give tax dollars back to small businesses and they will make it happen by reinvesting in jobs, wages and infrastructure," said Alfredo Ortiz, president and CEO of Job Creators Network.

The survey of 500 small-business owners was conducted by Roosevelt Opinion Research from July 12-17 and had a margin of error of plus or minus 4 points. It found that:

- 48.6 percent of small-business owners believed tax cuts would help them the most compared to just 27.4 percent who cited healthcare reform and 8.6 percent who wanted regulatory relief.
- Among owners who would use tax relief to reinvest in their business, 23.8 percent would make capital

investments, 20.8 percent would raise wages for current workers, 13.8 percent would hire new employees, and 8.8 percent would open new outlets.

- 31.4 percent of small-business owners would use tax relief first to pay off debts.
- Nearly 26 percent of the owners believe congressional Democrats were the biggest obstacle to tax reform compared with 15.2 percent who cited congressional Republicans and 11 percent who blamed the White House.
- “Biased media” was cited as an obstacle by 20.2 percent of owners, a sign that the Trump administration’s “fake news” assault on the news media may be having an effect.

Brad Anderson, former CEO of Best Buy, said the poll makes the case that tax cuts can improve stagnant worker wages.

“It was great to see from JCN’s poll that nearly one-quarter of small-business owners would use their tax savings to raise wages for their employees,” Anderson said. “This demonstrates that a tax cut wouldn’t just help businesses and the economy, but it would also address stagnating wages that are preventing Americans from keeping up with increasing healthcare, housing and other costs.”

Ortiz said his group was partnering with FreedomWorks to launch this summer an “axes 2 taxes” nationwide whistle-stop tour starting July 29 that includes meetings with lawmakers on summer recess as well as grassroots events in key swing states like Ohio, Florida, Michigan, Pennsylvania and North Carolina.

In his private meetings with Congress and the White House last week, Gingrich urged leaders to take a simpler approach as opposed to a complicated complete overhaul of the tax code.

He suggested a limited reform that reduced middle class taxes, reduced the corporate rate from 35 percent to 15 percent, offered a repatriation tax break for offshore corporate incomes brought back to the United States and reduced tax burdens for so-called pass throughs, like limited liability corporations and partnerships commonly used by small businesses.

“I think we need to focus on the art of the possible, and my view is that they should not do anything to risk not getting this done by Thanksgiving. Period,” he said.

Gingrich’s approach mirrors that offered by another trusted Trump adviser, former campaign manager Corey Lewandowski, who wrote an op-ed in *The Hill* last week offering a similar three-point tax relief plan that included the tax repatriation tax break.

The repatriation holiday idea for foreign income has supporters and detractors in both parties. The United States last did one in 2004 when it lowered the tax rate for repatriated foreign incomes from 35 percent to a little over 5 percent and saw \$362 billion return to the United States, generating \$16.4 billion in tax revenues.

Supporters declared it a victory, while detractors lamented that lots of the repatriated revenues went right back to shareholder dividends.