

THE HILL

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GOP rep, biz owners, call for tax cuts outside IRS building

By: Naomi Jagoda

Rep. Bill Johnson (R-Ohio), Heritage Foundation economist Stephen Moore and a group of small-business owners on Friday called on Congress to quickly pass tax cuts during an event outside the IRS headquarters.

“We need to re-empower the American people and America’s small businesses,” Johnson said.

The event was hosted by the Job Creators Network (JCN), a group whose members include the former leaders of Best Buy and Home Depot. JCN is pushing for legislation that cuts taxes for small businesses to be sent to President Trump’s desk by Thanksgiving, and several small-business owners spoke during the event.

The tax cut push comes as administration officials and congressional GOP leaders are focused on broader tax reform. JCN President and CEO Alfredo Ortiz said the group is “fully supportive” of tax reform but wants to ensure that there’s at least some legislative achievement this year.

Most small businesses are “pass-through” entities whose income is taxed through the individual code. The JCN would like to see a 15 percent rate for pass-through businesses income — a significant reduction from the top individual income tax rate of 39.6 percent.

“If we can get that tax rate down to 15 percent, just imagine how innovation and ingenuity will turn,” Johnson said.

Trump has called for lowering the tax rate for businesses to 15 percent, but the tax plan House Republicans released last year called for lowering the pass-through rate to 25 percent.

One challenge with creating a special lower rate for pass-through business income is that policymakers will have to figure out how to prevent wealthy people from using the rate to avoid paying taxes. Ortiz said concerns about a lower pass-through rate are legitimate but expressed confidence that there are people at the IRS and the Capitol that can come up with ways to “minimize the abuse.”

The event at the IRS building was the JCN’s last stop on a bus tour that also included events in Oklahoma, Kentucky and Virginia over the last week.

Moore, who served as an economic adviser to Trump’s campaign, said it’s problematic that the U.S. has a tax code that has required an IRS workforce that’s the size of a small city.

Moore said he’s looking forward to having a “big bonfire” in front of the IRS building to burn the current tax code once legislation passes.