MAKING THE BUSINESS CASE
AGAINST TRUMP TAX CUTS

BUSINESSFORWARD FOUNDATION
INTRODUCTION

If we want to modernize America’s schools, fix our highways, win the clean energy race, increase exports, and make health care more affordable, we need to convince undecided Americans in the middle. We should start by answering their questions about jobs, costs, economic opportunity, and government waste.

In other words, we need to make the business case for action.

Business Forward has helped more than 150,000 business leaders brief policymakers and work with local media, publish op-eds, testify at public hearings, lobby members of Congress and the White House, and advocate online.

They have appeared on CNN, MSNBC, CNBC, FOX News, and hundreds of local broadcast and radio stations. They’ve been featured in national outlets, like the Wall Street Journal, New York Times, Washington Post, and hundreds of local papers.

We’ve also helped business leaders submit testimony to state legislatures, EPA, DHS, House Ways and Means, Senate Finance, and the White House.

We’re here to help you make the most of your time fighting for the issues that you care about. This manual is intended to help you get started.
HOW TO TALK ABOUT:

TAX REFORM
KEY POINTS

We’ve organized hundreds of briefings around the country on tax reform. Here are some of the most common points that business leaders make.

1. Trump promised “middle-class” tax cuts. “The rich will not benefit,” he promised.

2. Trump’s tax cuts favor the wealthy by favoring the types of income that wealthy people earn and middle-class families can’t afford.

3. Trump sold his tax cuts with promises that helping the rich would trickle down to middle-class families. It hasn’t. Trump promised his tax cuts would pay for themselves by generating massive economic growth. They haven’t.

4. To offset the loss in revenue, Trump proposed budget cuts to health care and Social Security - programs that largely benefit the middle class.

"Our framework ensures that the benefits of tax reform go to the middle class, not the highest earners."

- PRESIDENT DONALD TRUMP
OCTOBER 2017
TRUMP’S “MIDDLE-CLASS” TAX CUTS BENEFIT THE WEALTHY.

• The top 1% of households splits 27.1% of the tax cut’s benefits, and the top 5% splits 51% of the tax cut’s benefits.
• The middle 60% of households split 27.7% of the tax cut’s benefits.
• The average tax cut for a household in the top 1% is $49,950.
• The average tax cut for a household in the middle 20% is $780.

TRUMP’S TAX CUTS FAVOR THE WEALTHY BECAUSE THEY FAVOR THE TYPES OF INCOME WEALTHY HOUSEHOLDS EARN.

• The 1% owns 46% of U.S. total dividends income, 69% of U.S. capital gains income, and 62% of U.S. total unrealized gains.
• Over 50% of wealth in the U.S. is inherited.
• Half of Americans own no stock.

IN OTHER WORDS, TRUMP’S TAX CUTS FAVOR THE WEALTHY BY DESIGN.

• Foreign shareholders of U.S. companies receive $38 billion out of the corporate tax cuts.
• The top 20% of Americans receive $63 billion, and the bottom 80% split $14 billion.
• The doubling of the estate tax exemption gives the richest 1,800 estates a tax break of $4.4 million each.
• The top 1% of businesses (earning over $1 million) split 44% of the pass-through benefits, while the 36% that qualify as mid-sized businesses, (earning between $100-200K) split 16% of the benefits.

TRUMP OVERSOLD THE BENEFITS OF HIS TAX CUTS.

• The White House claimed the tax cuts would boost household income by $4,000-$9,000, but the non-partisan Congressional Research Service reports that the tax cuts had only a “modest effect” on wages from 2017 to 2018.
• Corporations spent $806 billion on buybacks in 2018 – 52% more than they did in 2017 before the tax law was enacted.
• Corporations brought back $664 billion in profits from abroad in 2018 – far below Trump’s claim that the new tax law would bring back $4 trillion in profits.

TO OFFSET THE LOSS IN REVENUE, TRUMP PROPOSED BUDGET CUTS TO HEALTH CARE AND SOCIAL SECURITY.

• Tax reform will cost U.S. taxpayers $1.9 trillion over the next decade.
• Trump proposed $1.65 trillion cuts to health care and Social Security over the next 10 years ($25 billion from Social Security, $777 billion from Medicaid, and $845 billion from Medicare).
A middle class tax cut should distribute tax cuts evenly across the middle, with America's wealthiest households getting less (or nothing). The LIFT Act, in blue below, demonstrates this approach. Trump's tax cuts, in red below, give comparatively little to the middle and 51% to the top 5%.
8 RULES TO FOLLOW
1: MAKE THE BUSINESS CASE

You have a business to run, so you want the time you volunteer to be meaningful and efficient. We focus on the business case for three reasons.

1. The questions undecided Americans are asking tend to relate to jobs, taxes, economic opportunity, and government waste. And they trust business leaders more than politicians.

2. Undecided Americans understand most public policy decisions create winners and losers. They want to know how a particular bill or issue will affect their industry, their town, and their employer. A business leader can explain the connection between national issues and her local economy in ways that matter.

3. A data-driven, results-oriented approach helps depoliticize contentious issues. Consider these examples:

   • A software executive encourages his school board to support a new charter school specializing in IT and software coding, arguing that he’ll have to hire from out of town if local schools can’t produce qualified graduates.

   • Automakers and suppliers explain to climate change deniers in Congress how severe weather caused by climate change is affecting auto supply chains and assembly plants – causing plant shutdowns that cost $1.2 million/hour.

“I’m happy with the health insurance I get through work. What does repealing the Affordable Care Act mean for me?”

“I want to do something about climate change. Can we afford it?”

“I manage farms in Utah and California: here’s what climate change is doing to my crops – and what it means for American agricultural jobs and exports.”

“I’m a home builder: here’s what the Republican tax plan means for businesses like mine here in Ohio.”
2: UNDERSTAND YOUR MISSION

Business leaders generally contribute to the debate in one of three ways. Before you speak out, be sure to understand which role you’re playing.

1. Raising awareness about a problem.

For example, to push education reform, a business leader can explain the long-term cost of failing to modernize her city’s schools. She can demonstrate the problem is real; solutions make sense; and gridlock is expensive.

“I need to hire 20 software engineers over the next three years. And I really want to hire local, but our local schools aren’t producing enough engineers.”

2. Pushing specific provisions or concepts during a legislative process or budget negotiation.

For example, a business leader can use negotiations over corporate tax cuts to make the case for a carbon tax that would encourage clean energy and pay for new infrastructure investment.

“If we want to cut corporate tax rates and at the same time spend more on infrastructure and defense, we need to consider a carbon tax to provide more revenue. It will also reduce carbon emissions and help America win the clean energy race.”

3. Helping close a deal, supporting a tough vote.

Today, it’s too easy for special interests to derail needed reforms. Even allies can block a “good” deal because it’s not “perfect.”

For example, a business leader can explain why “weak” environmental provisions in a trade deal are better than the alternative: no environmental protections, at all.

“You may be right that the environmental protections in President Obama’s Trans-Pacific Partnership don’t go far enough. But if this deal fails, China will step in with its own deal. And China’s deal won’t have any environmental provisions at all.”
3: HAVE A CLEAR OPINION

“On the one hand... but, on the other hand...” won’t help a Member of Congress decide how to vote, and newspapers are unlikely to publish an op-ed that fails to pick a side. If you’re going to speak out, be clear. Raise an alarm. Provide cover on a tough vote. Avoid equivocation.

JON HURDLE
CLIMATE CHECK: US INVESTORS ‘LACK DATA ON CLIMATE RISK’

Smith Insurance Agency in Helena, Ark. has been writing fewer home-owner policies in recent years because premiums and deductibles have soared, while policyholders have avoided making claims for fear of not getting their policies renewed by risk-averse underwriters, said owner Kevin Smith.

An owner of a typical 3,000-square-foot house in Smith’s market is now paying $4,000 a year to insure the property, more than twice the rate of five years ago, while the deductible for such a property has surged to $2,000 from $500 over the same period.

Over the last two years, premiums have risen about 20%, he said, and that’s straining homeowners’ ability to maintain coverage or forcing them to choose between insurance and other purchases.

“People are getting to the point where they can’t afford homeowners’ insurance any more,” he said. “There’s a huge cost to our customers and to our economy because it means they will have less to spend on other things.”...

To slow greenhouse gas emissions, he urged governments to impose a carbon tax, which would fall most heavily on the biggest producers - the power-generation industry - forcing it to pay a tax that is already effectively levied on all those who feel the effects of climate change.

MAKES THE COST RELATEABLE BY STARTING WITH IMPACT ON A SINGLE CUSTOMER.

PIVOTS FROM SINGLE EXAMPLE TO INDUSTRY.

EXPANDS FROM INDUSTRY TO ECONOMY AS A WHOLE.

DESCRIBES PROBLEM AS MARKET FAILURE AND PROPOSES MARKET-DRIVEN SOLUTION.
4: KEEP IT SHORT, KEEP IT SIMPLE (AND PRACTICE)

Talking live to a radio reporter? You’ll get two questions and about 20 seconds. Taping a TV interview in your office? The station will use about 30 seconds of your 15-minute interview. Meeting with your Senator? You’ll get about five minutes.

Reporters can’t quote you if your answers are too long. Elected officials, who meet with dozens of constituents every day, won’t remember your key points if they’re buried.

To be successful, make your point quickly, and make it repeatedly. Extend your idea with examples. Ideally, start each interview with three points in mind; practice each point before you speak with the reporter or official; and practice referring back to your points in different ways.

Using local examples and simple comparisons can help you make your point more quickly. For example, in our issue brief *The Trump Slump in Tourism*, we examine the effect of Trump’s negative rhetoric and policies on the number of international visitors. The decreasing global share of U.S. tourism has led to 14 million fewer visits this year. This is the economic equivalent of closing 30 autoplants.
5: SPEAK FOR YOUR EMPLOYEES, CUSTOMERS, SUPPLIERS AND COMPETITORS

You're most effective when you cite your employees, customers, suppliers, or competitors as evidence. For example, an accountant with 50 clients has credibility on simplifying the tax code, while an accountant with 50 employees has credibility explaining the kinds of health care options they value.

Most business leaders share the name of their company when they talk with reporters, publish an op-ed, or speak out in some other way. These executives are building their company's brand:

**At ABC Insurance, we’ve seen rates for beach property rise by 50% over the past four years because of climate change risk. Clients are cancelling their policies, leaving themselves open to big losses.**

- Anil Amlani, Sonosite

Alternatively, you can also speak generally, without naming your company, as an expert in the industry:

**I’ve sold insurance for beach houses here in New Jersey for 30 years, and climate change is driving rates up by 50%. Clients are cancelling their policies, leaving themselves open to big losses.**

- Kyle Weatherly, Solaris

### SMALL BUSINESS LEADERS ARGUE FOR NEW TRADE AGREEMENTS

**Every product we sell overseas helps us hire more Washington-state workers and pay them competitive wages.**

- Brenda Hall, 360 Bridge

**Business abroad is going to happen anyway, the question is whether or not international business practices will be fair. If the United States doesn't set the rules, someone else will.**

**The future of small businesses like mine goes hand in hand with the future of the U.S. trade agenda.**

- Wendy Mascio, Medical Equipment

**I’ve seen how exporting can powerfully transform a company, and I want to see it do the same for others.**

- Craig Shields, Graymills

**Discouraging businesses from expanding to other countries is like standing in a shopkeeper’s doorway and turning away 95 percent of customers.**

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- Det Ansinn, BrickSimple

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- Pittsburgh Post-Gazette

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- The Philadelphia Inquirer
6: REFRAME QUESTIONS ABOUT “HOT BUTTON” ISSUES

The whole point of having business leaders speak out is to get beyond the partisan or hot button issues that dominate most press coverage. Your job is to focus on what a particular proposal or problem means for business, jobs, and economic growth. That’s your area of expertise. If a reporter does ask you an off-topic question, pivot back to your key points.

EXAMPLE - IMMIGRATION REFORM

A business leader can explain the economic benefit of recent bipartisan immigration reform proposals. One key benefit of these proposals relates to how much immigrants could contribute to Social Security. A reporter may respond to your point by asking about illegal drugs or gang violence.

SUGGESTED ANSWER:

I can't speak to that, but I do know that immigrants could contribute nearly $300 billion in additional support for Social Security over just 10 years.

EXAMPLE - CLEAN ENERGY

A business leader can support clean energy regulations by explaining why wind and solar prices keep dropping - and how they can help create jobs in states that have traditionally relied on imported coal, oil, and gas. A reporter may ask why the government should subsidize wind and solar over coal.

SUGGESTED ANSWER:

Taxpayers subsidize every energy sector. In fact, we’ve spent $1 trillion on energy subsidies since WWII, and 70 percent of that went to oil, gas, and coal. I can't speak to the value of all the money we’ve spent on coal and oil, but I do know that wind and solar are becoming more competitive, and they present my state’s first real chance to build an energy economy.

EXAMPLE - TARIFFS

If you’re talking with a reporter about how new steel and aluminum tariffs are raising your prices and making it harder to export your products, he may ask you about the drama over President Trump’s behavior at a recent G7 Summit.

SUGGESTED ANSWER:

I can't speak to that, but I do know that tariffs increased my steel costs by 25%, which is making it hard to export my goods to Europe and Asia. In those markets, the price they pay for steel prices has actually dropped.
7: ACT LIKE YOU’RE ON-THE-RECORD, EVEN WHEN YOU’RE NOT

The rules for “on” and “off” the record can vary from reporter to reporter. As a general rule, we recommend you operate on-the-record – and pick your words accordingly.

ON-THE-RECORD:
The reporter can quote you directly (by name).

OFF-THE-RECORD:
Off-the-record can mean different things. It usually means the reporter can only use information if a second source verifies or shares it. Sometimes, it relates to how you are cited. For example, a reporter may refer to you indirectly (for example, as “a partner at a Cleveland VC firm”), or she may use your information without citing you at all. Some reporters consider this method of citing individuals “on background.” On background can also mean you are willing to share research or other information with a reporter but do not want to be featured in the story.

Because reporters apply these rules differently, you need to set the terms of the conversation before the interview begins. If you do not specify “off,” you are “on.” If you specify “off,” and the reporter says nothing, you are still “on.” If you do not want to be quoted, establish the terms under which the reporter may use the information and how it will be attributed.

REMEMBER: YOU CAN’T TAKE SOMETHING OFF THE RECORD AFTER THE FACT.
A single business leader, acting alone, is unlikely to have an impact. But hundreds or thousands of business leaders, making similar arguments at the same time, are hard to ignore.

It also helps to deliver your op-ed, interview, or post when your particular issue is in play. We had a handful of opportunities to resolve the DACA/Dreamers crisis last year. Each opportunity was driven by the budget process, or some other legislative priority. Each time, immigration advocates and Business Forward worked together to deliver business support for a reasonable compromise that would protect Dreamers and respect the rule of law.

We encourage you to share your work with us, and we promise to limit our “digital actions,” surveys, and “a reporter just called” requests to moments when you can really make a difference. We won’t waste your time.

With your permission, we can also include your comments in testimony we present to Congressional committees and federal agencies.

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**OPEN LETTER FROM LEADERS OF AMERICAN INDUSTRY**

As entrepreneurs and business leaders, we are concerned about new developments in immigration policy that threaten the future of young undocumented immigrants brought to America as children...

AUGUST 31, 2017

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**TESTIMONY ON BEHALF OF 1,000+ SMALL BUSINESS OWNERS CONCERNED ABOUT CLIMATE CHANGE**

APRIL 25, 2017

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**7,000 BUSINESS LEADERS ARGUE “AMERICA FIRST” IS COSTING U.S. BUSINESSES BILLIONS IN LOST EXPORTS, TOURIST DOLLARS, AND FOREIGN INVESTMENT**

JULY 30, 2018

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**IN THEIR OWN WORDS: 10 BUSINESS LEADERS EXPLAIN WHY THEY ARE CALLING FOR MAJOR CHANGES AT AMERICA’S SCHOOLS.**

JULY 24, 2018
ABOUT BUSINESS FORWARD FOUNDATION

The Business Forward Foundation is an independent research organization that takes a business-minded look at policy issues affecting America’s economic competitiveness. The Foundation combines insights and advice from more than 100,000 local business leaders across the country with rigorous policy analysis to educate the general public on some of the most important issues of our time.