

PERMANENT TAX RELIEF

POLICY POSITION

ISSUE:

The Tax Cut and Jobs Act of 2017 (TCJA) brought comprehensive tax reform to the majority of taxpayers for the first time in 30 years by lowering income tax rates and making many aspects of the individual tax code simpler. The Act, reduced both the corporate and individual rates and made business-friendly changes to provisions such as the estate tax.

However the individual tax rates are temporary and are slated to expire at the end of 2025, resulting in an increase to these rates. According to the non-partisan Tax Foundation, if extended, these provisions would:

- Increase long-run GDP by 2.2 percent;
- Increase long-run wages by 0.9 percent;
- Add 1.5 million full-time equivalent jobs; and
- The distributional impact of making the individual side of the TCJA permanent would mean a roughly 1.5 percent increase in after-tax income for every income quintile.

In 2018, legislation was introduced in the United States Senate to make these reduced individual tax rates permanent. This legislation failed to become law.

NAMA POSITION:

NAMA believes every effort should be made to make the individual tax rate reduction enacted in 2017 permanent, and consistent with the permanence of the corporate tax rate received in the Act. Granting permanent status to both the individual and corporate rates creates stability and continuity to allow for tax, estate, and business planning.

Therefore, NAMA supports Congress passing legislation to make these reduced individual tax rates permanent.