



ROBIN J. VOS

SPEAKER OF THE WISCONSIN STATE ASSEMBLY

Federal Tax Reform is Good for Wisconsin

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Speaker Robin Vos

63rd Assembly District, Racine County

Speaker Paul Ryan did an outstanding job getting major tax reform legislation approved in his oftentimes divided chamber. His leadership on the Tax Cuts & Jobs Act should be commended. While the Wisconsin State Assembly majority membership is much smaller than the U.S. House, I understand how difficult it can be to bring people together, even in your own party. I want to thank Speaker Ryan for moving this plan forward because Wisconsin needs federal tax reform to become law.

The Tax Cuts & Jobs Act will give us a tax code that's simple, fair and easy to understand. It also means the average family of four will see tax relief of \$1,182 each year. The Tax Foundation estimates it would increase the size of the U.S. economy by 4 percent. While there are a few aspects that will likely and should be adjusted to get Congressional approval, overall, federal tax reform is necessary for the state economy and Wisconsin's financial future.

First, we know tax cuts work to spark economic growth because we have seen it work in Wisconsin. In the last six-years, Republicans have cut taxes by more than \$8 billion dollars. We have also simplified our income tax code by condensing five brackets into four, eliminated entire taxes and decreased rates to make it flatter and fairer. As a result, our state is seeing more revenue and budget surpluses. In addition, the state bond ratings have been upgraded. Of course, more reform needs to be done and will be done at the state level. The Assembly Ways and Means Committee has recently embarked on a deep dive into comprehensive tax reform and will make recommendations for our next state budget.

Another reason why this reform needs to happen is that our state revenue projections, which guide Wisconsin's budget, is based on the passage of federal tax reform. In determining the projected revenue growth for the next two fiscal years, nonpartisan forecasters used the assumption that the Trump Administration and Congress would reduce the average effective personal income tax rate, which would, in turn, result in economic growth of 2.6 percent in 2018 and 2.3 percent in 2019. By giving people and businesses more money to invest, forecasters are using historical data that prove tax cuts produce economic growth. In fact, according to the Tax Foundation's study on the impact of the cuts on state jobs and incomes, Wisconsin is expected to add more than 20,000 jobs beyond our projected growth rate should the tax reforms become law.

The new tax proposal gives job creators an extra edge to compete by reducing the tax rate while simplifying the burdensome tax code. In Wisconsin, we know that in order to grow the economy, you have to be open for business. Since Republicans took over the majority in the legislature and Governor Scott Walker took office in 2011, we have worked hard to make our state more attractive to businesses. We have eliminated unnecessary and burdensome government red tape and implemented pro-business reforms that have paid off for the state. The federal government should now follow our lead.

It's a critical time for Wisconsin and these reforms will help our state continue to be competitive. We are proud that Foxconn, the Taiwanese electronics manufacturer, chose our state in a worldwide contest. Wisconsin was selected for our pro-business landscape and growth potential. We know our state reforms are working but we need the federal government to remove its business barriers in order to keep our progress moving forward.

America hasn't seen real tax reform since 1986 and I'm beyond thrilled that President Donald Trump and Speaker Paul Ryan brought forward this long-overdue plan. Federal tax reform is essential for Wisconsin's future economic prosperity. It's time that our country's leaders lay a fiscal foundation for prosperity with a tax code that works for job creators, families and every state in the United States.

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