

AMERICAN VIEWPOINT®

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To: Interested Parties
From: American Action Network's Middle-Class Growth Initiative and American Viewpoint
Re: Tax Reform Focus Group Key Findings
Date: August 17, 2017

The following outlines the key findings from focus groups with Republicans and Independents/Leaners in Omaha, Nebraska (CD-2) on August 9th, 2017 and in Orange County, CA (CD-45, CD-39) on August 10th, 2017. All groups were moderated by Linda DiVall.

	Group 1	Group 2
Omaha, NE	CD-2 Republicans	CD-2 Independents/Leaners
Orange County, CA	CD-45 GOP/Ind./Leaners	CD-39 GOP/Ind./Leaners

Overview

The primary focus of these groups were focused on Federal tax reform and voters' opinions on how best to talk about tax reform.

I. Tax Reform

Republicans should talk about tax reform.

- Trump was seen as advocating for tax cuts, while respondents felt that Paul Ryan clearly desires tax reform.
- Advocates for tax reform need to specifically illustrate how reform would grow the economy and empower job creation.
- There's definitely an attraction to simplifying the tax system across all groups as they recognize that there are major changes that need to be made because of how outdated and complicated it currently is.

Upon reading principles of the House Republican tax blueprint, respondents across all 4 groups viewed the proposal in a positive light.

- When they read the bullet points of the proposal, they thought it was comprehensive, well thought out, a step in the right direction, encouraging, and bringing back the middle class.
- Respondents across the board like the fact that it put more money in workers' pockets, simplified the tax code, would reduce fraud, and lower the small business rate.

The final measurement of the Republican plan for tax reform received very strong support in both groups.

- Support was unanimous with Republicans and nearly unanimous with Independents in Omaha.
- In Orange County, across both Congressional districts, support was also pronounced.
- The plan was overwhelmingly embraced with one major selling point that it encompasses both individual, personal income tax and corporate/business taxes as well.
- There was a split between people who want more facts and those who want to know how it will personally impact others.

That is not to say that this tax reform plan does not have its own set of obstacles to overcome.

- There are some clear challenges to passing this reform.
- Voters clearly understood that the Republican party is winning on this argument with facts but Democrats will play on emotional fear mongering.
- Another obstacle is ending special interest loopholes as good lobbyists and “those who affect our elections” will put up a fight in making that happen.

Their advice to tax reform advocates and key phrases that should be incorporated into any communications plan on tax reform are varied but the key ingredients are:

- Emphasizing that this will put more money in the pockets of the American people;
- Bringing back the middle class;
- Paying your fair share;
- Simplifying and updating the tax code;
- Ending special interest loopholes; and
- Being transparent about the process of tax reform.

AAN’s Ad Testing: “Laid Off”

- The ad treatments work best in areas hurt by a loss of manufacturing jobs or with a significant blue collar base.
- Having said that, after viewing the ad the message clearly emanates of bringing back the middle class, bringing jobs back to America, and making America more competitive.
- The ad “Laid Off” does a great job of showing the personal side to tax reform.
- Consideration should be given to developing a link to a website to get additional specifics.

Rank each potential tax change on a scale of 1 to 10 where 1 is not at all important and 10 is very important.

	Mean Rating
Promoting more jobs and economic growth at home	9.1
Making American businesses stronger and more competitive with foreign companies	9.0
Making the tax code simpler by getting rid of loopholes	8.3
Reducing the income tax burden on all Americans	7.8

Rate the following messages on a scale of 1 to 10, with 1 being not at all convincing and 10 being very convincing reason TO PASS tax reform.

	Mean Rating
Nearly half of the jobs in this country are created by small businesses. Right now America's small businesses spend more than \$46 billion each year on tax compliance. Reducing the small business tax rate will allow small businesses to grow and create more jobs in the United States, put more money in the pockets of American families, and make our economy stronger.	8.6
While most other countries have reduced their corporate tax rates and reformed their tax codes, America's tax system hasn't been updated in more than 30 years. Our tax code is outdated and in desperate need of reform so that American companies can compete, invest and hire here at home.	8.2
At nearly 40%, the United States has the highest combined state and Federal corporate tax rate in the industrialized world, causing many companies to send jobs to other countries like China. Reducing the Federal U.S. corporate tax rate to 20% could bring millions of good paying jobs back to the country and level the playing field with China.	8.0
The American tax code is hurting Americans and working families are getting left behind. It needs to be reformed to put more money in the pockets of individuals and families so they have the ability to prepare for the future, save, and spend money on necessities.	7.8
The tax code is a burden on individuals and families as it is unnecessarily complicated and unfair, with many complicated tax brackets. It should be reformed to only three tax brackets, at rates of 12%, 25%, and 33%.	6.4

Rate the following messages on a scale of 1 to 10, with 1 being not at all convincing and 10 being very convincing reason TO NOT PASS tax reform.

	Mean Rating
Supporters of tax reform cite the top corporate tax rate of 35% as unreasonably high compared to the rest of the world and that without a lower rate, companies will be forced to do more business in countries with lower taxes. However, in a 2016 study by the U.S. GAO found that because of loopholes, those businesses rarely pay the top corporate rate.	6.6
There is nothing in this proposal that prohibits a company currently holding billions of dollars overseas from bringing it back to the U.S. at a lower tax rate and spending the savings on big bonuses for executives rather than investing it in creating new jobs.	6.0
The tax cuts proposed by Republicans and President Trump will increase the deficit as there will be a loss of millions in revenue which poses a threat to other critical programs such as Medicare, Medicaid, and Social Security.	5.9
The only ones who will benefit from tax reform are big corporations and wealthy families while the middle class will still be left struggling.	5.0
Any change to the tax system is just a cut for the rich and will not help relieve the tax burden on the middle class.	3.8

Conclusions & Recommendations

1. Tax reform advocates need to frame this in two ways: providing a legislative accomplishment for President Trump that will advance the country by accelerating jobs and economic growth and by speaking in a unified voice as to how this will help bring the middle class back.

2. Once voters are presented with the depth of plan, they see it benefitting both individuals and businesses and understand the necessity of tax reform.
3. Education on tax reform could be accomplished through the creation of infographics on the themes of simplification, updating the code, jobs created on the disparity of the United States and other countries. Adding a website mention to the ad would go a long way towards appealing to voters who want to know more.
4. Even with all of the arguments presented AGAINST tax reform, all groups remained in favor of reform. This will not be an easy accomplishment, but it is one that voters view as doable, necessary in rebuilding the middle class and helpful in better preparing families to face the future.