



HOUSE GOP LISTENING SESSION FRAMEWORK

TAX REFORM 2.0

- The *Tax Cuts and Jobs Act* **has changed the trajectory of the economy for the better**. It is succeeding – **creating a booming economy** with more jobs, higher paychecks, and historic Main Street optimism, and making sure our American workers can compete and win anywhere in the world. Americans are better off.
- Tax Reform 2.0 is about locking in these tax cuts for middle-class families and small businesses, and **changing the culture in Washington** so that America never again falls behind its global competitors. Never again will we wait a generation to modernize our tax code. **Today we have one of the most competitive tax codes on the planet – let's keep it that way.**
- Tax Reform 2.0 is a new commitment to **improve the tax code each and every year for American families and local businesses** – like upgrading the apps on your phone. Just as America's most successful businesses begin each day asking "how do we become more competitive, more innovative, and better," **each year Congress will examine the tax code and take action to ensure our tax code continues to be competitive, innovative, and always better.** We are starting right now.

We are proposing to build on the growing successes of the *Tax Cuts and Jobs Act* in **three main ways:**

Protecting Middle-Class and Small Business Tax Cuts

- **Locking in the individual and small business tax cuts** is pro-growth. We will provide certainty for our families, workers, and Main Street small businesses while unleashing even more economic growth in America for the long run.
- Making the middle-class and small business tax cuts permanent will:
 - **Create** 1.5 million new jobs
 - **Increase wages** by 0.9%
 - **Increase GDP** by 2.2%

Promoting Family Savings

- **Retirement Savings:** Nearly half of working-age adults say they do not expect to have enough savings to live comfortably in retirement. More than one in three workers do not have access to a retirement plan through their employer. Thanks to the *Tax Cuts and Jobs Act*, **businesses and families now have more money in their pockets**. It is the perfect time to help local businesses provide retirement plans to their workers—and to help workers participate in those plans so their retirement years are more secure. Tax Reform 2.0 contains a range of proposals to achieve this.
- **Family-Friendly Savings Plans:** We want to help families start saving earlier and save more throughout their lives. Tax Reform 2.0 can achieve this through:
 - **USA accounts.** Creating a new **Universal Savings Account** to offer a fully flexible savings tool for families.
 - **Expanded 529 Education accounts.** Building upon the improvements in the *Tax Cuts and Jobs Act* so families can also use their education savings to pay for apprenticeship fees to learn a trade, cover the cost of home schooling, and help pay off student debt.
 - **New Baby savings.** Allowing families to access their own retirement accounts penalty-free for expenses when welcoming a new child into the family, whether by birth or adoption. And allowing families to replenish those accounts in the future.

Spurring New Business Innovation

- **Growing Brand-New Entrepreneurs.** Earlier this year, the United States dropped out of Bloomberg's list of the top 10 most innovative countries in the world. We also know the nation that wins the innovation race wins the future.
- Start-up businesses are outsized contributors to innovation and productivity as well as job creation. As part of an annual focus on encouraging innovation, Tax Reform 2.0 will **help brand-new businesses write off more of their initial start-up costs**, and **remove barriers to growth**.

