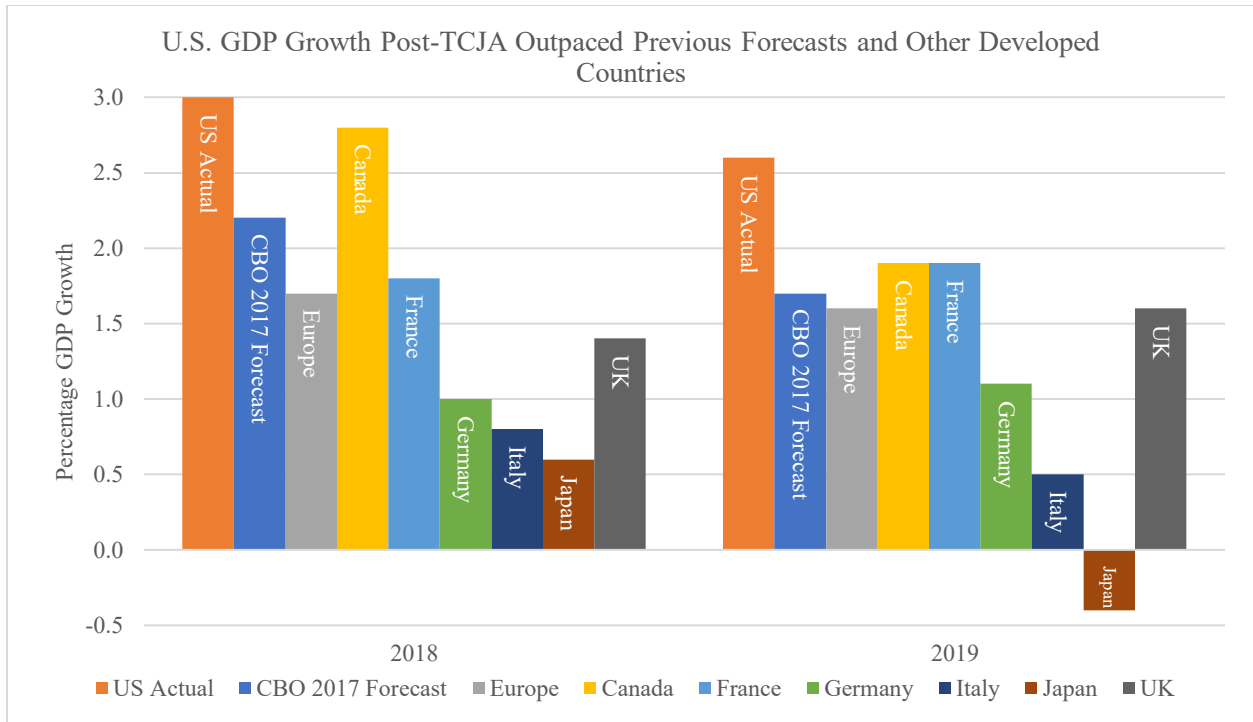
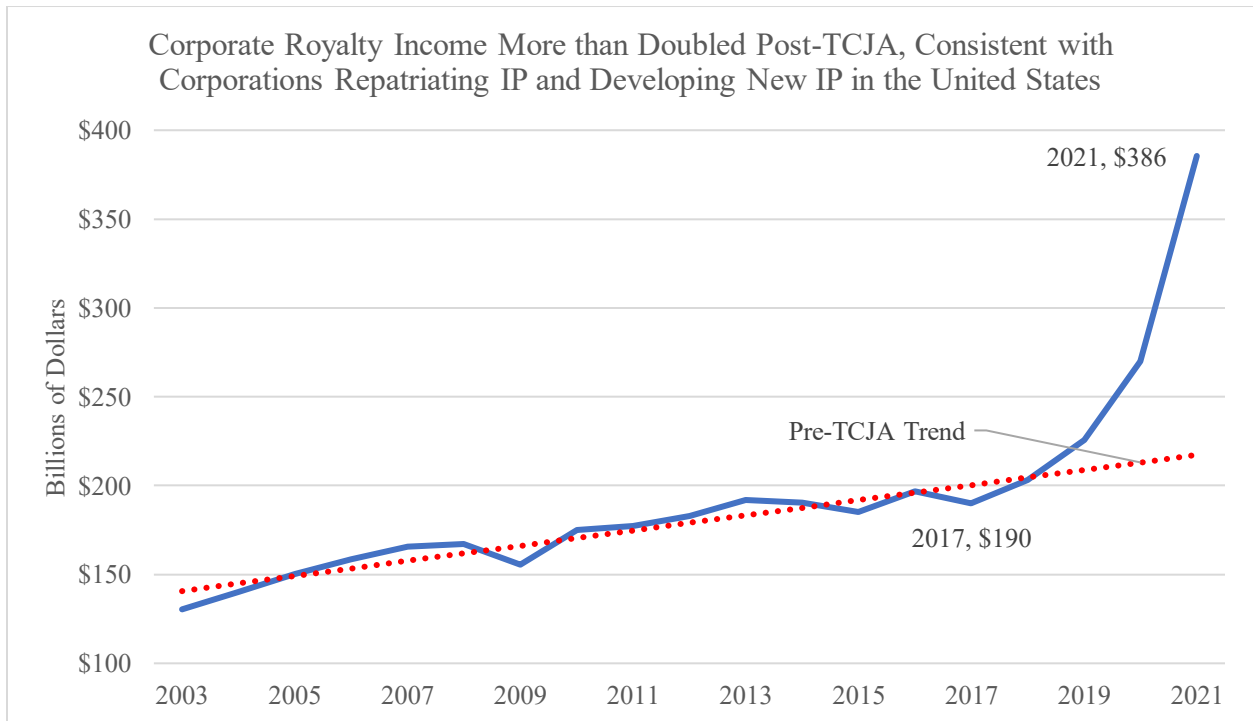


The Tax Cuts and Jobs Act (“TCJA”) increased U.S. economic growth, investment, and wages

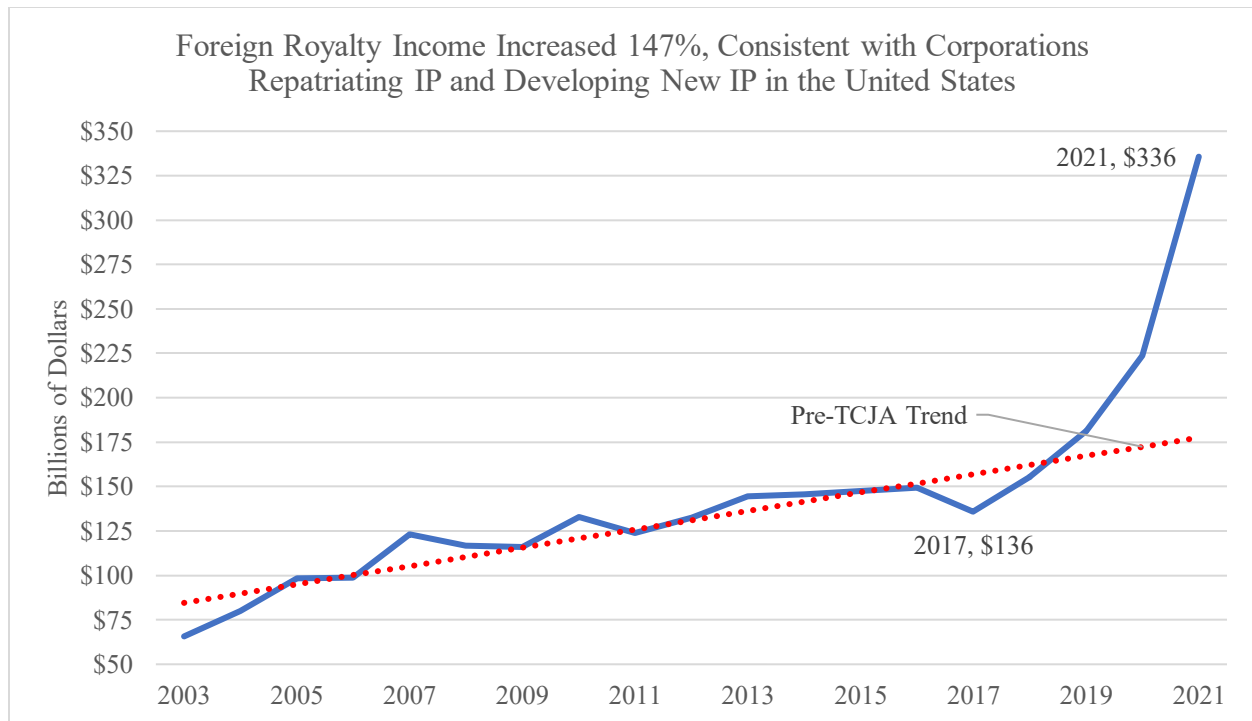
- Prior to enactment of the TCJA, the Congressional Budget Office (“CBO”) forecast gross domestic product (“GDP”) growth of 2.2% in 2018 and 1.7% in 2019.¹ In fact, real GDP grew by 3.0% in 2018 and 2.6% in 2019 after enactment of TCJA.² U.S. real GDP grew about one-percentage point faster than that of Europe and faster than every other G7 country in both 2018 and 2019.³
- Research by nonpartisan Joint Committee on Taxation (“JCT”) and Federal Reserve economists concludes that an additional \$1 of corporate income tax reduces GDP 2-3 times as much as \$1 of payroll tax and twice as much as \$1 of personal income tax. Reducing this inefficiency by lowering corporate taxes increases growth. The corporate tax changes in the TCJA increased the annual GDP growth rate by about 0.2%. Every dollar of reduction in the tax on corporations in the TCJA resulted in \$0.44 of additional GDP.⁴ In 2018, corporate tax reductions increased GDP by at least \$40 billion.
- Encouraged by the deduction for foreign derived intangible income (“FDII”), many companies repatriated significant amounts of intellectual property (“IP”) from abroad. According to the JCT, payments to U.S. corporations for use of IP more than doubled from \$190 billion in 2017 to \$386 billion in 2021, consistent with corporations both repatriating IP and developing new IP in the United States.⁵ Overseas payments to U.S. corporations increased from \$136 billion in 2017 to \$336 billion in 2021 (the most recent year for which data are available).⁶
- Since enactment of the TCJA, companies brought back more than 70% of their overseas earnings – a total of \$2.7 trillion – as compared to 35% prior to the TCJA. That is \$1.5 trillion more cash.⁷
- JCT identified the extension of bonus depreciation as an “important contributor to increased investment incentives” created by the TCJA.⁸
- According to a study by four economists, including a Biden Treasury official, “the reduction in the corporate rate and full expensing of investment stimulated domestic investment substantially,” with investment increasing by 20% for the average company.⁹
- Real median household income increased by \$6,160 in 2018 and 2019 after enactment of TCJA, more than in the previous 10 years combined.¹⁰ In the years after passage of the TCJA, the lowest 10% of income earners saw 40% higher growth in incomes than those in the top 10%.¹¹ At the end of 2020, median real earnings for all wage earners were 9% higher than they were before the enactment of the TCJA three years earlier. That’s more than triple the 2.7% increase over the prior 3 years, more than double the 4.5% increase from 2013-2016, and the fastest growth over 3 calendar years ever recorded.¹²
- Many groups that historically faced economic disadvantages in the labor market benefited from the strong economy in 2018 and 2019. The unemployment rates for African Americans (5.3%), Hispanics (3.9%), and those with less than a high school education (4.8%) fell to the lowest rates ever before seen since the data series were first reported in 1972, 1973, and 1992, respectively.¹³
- From 2017 to 2019, total poverty and child poverty fell at the fastest rates since the 1960s.¹⁴
- The JCT originally estimated the macroeconomic growth generated by the TCJA would increase revenue by \$451 billion through 2027.¹⁵ The CBO increased that estimate to \$520 billion.¹⁶
- Corporate income tax revenues were at a record high in 2021 and 2022. They were higher in 2021, 2022, and 2023 than CBO forecast in June 2017, the last forecast prior to enactment of the TCJA.
- While CBO estimated there were more than 5 companies that moved their headquarters abroad per year prior to the TCJA, costing the U.S. Treasury billions in corporate income tax revenue each year,¹⁷ the Tax Policy Center concluded that there have been no major tax-motivated corporate expatriations since the enactment of TCJA,¹⁸ keeping jobs and revenue in the United States.



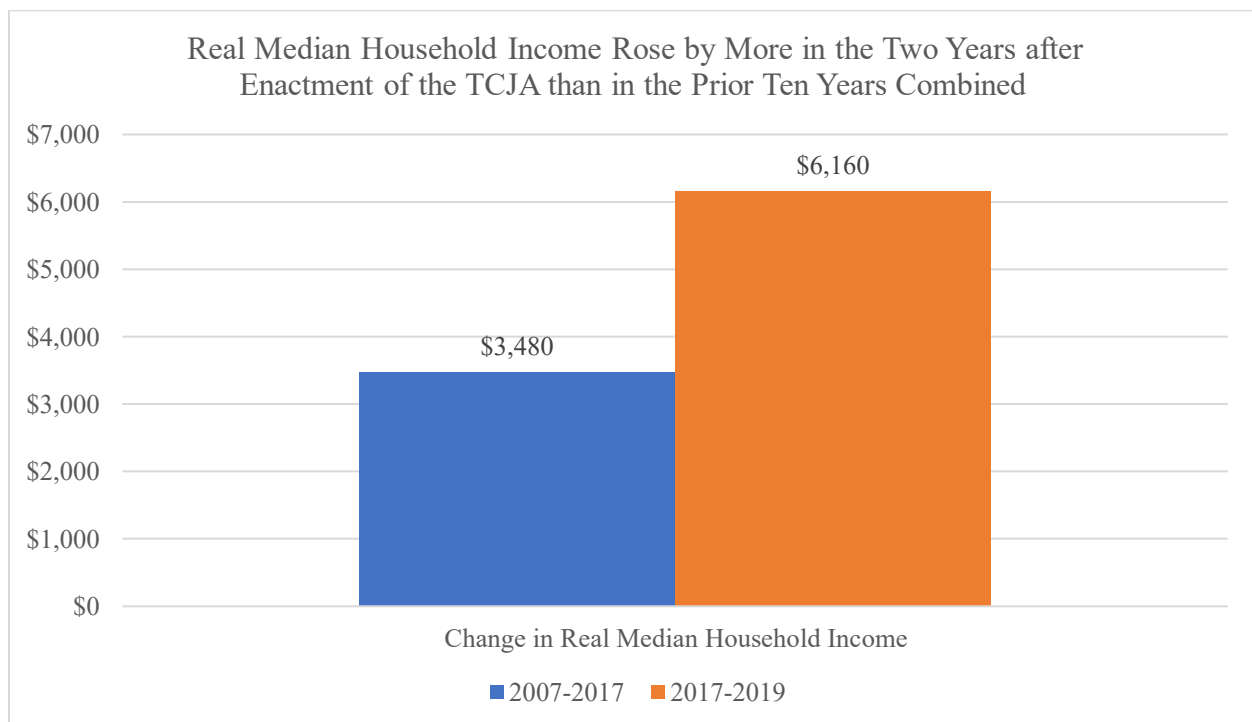
Source: Bureau of Economic Analysis, Congressional Budget Office, OECD.



Source: Joint Committee on Taxation.



Source: IRS, Statistics of Income, Form 1118.



Source: Census Bureau.

¹ Congressional Budget Office, [Economic Projections](#), October 12, 2017.

² U.S. Bureau of Economic Analysis, "[Table 1.1.1. Percent Change from Preceding Period in Real Gross Domestic Product](#)."

³ OECD, <https://data.oecd.org/gdp/real-gdp-forecast.htm#indicator-chart>.

⁴ Patrick Kennedy, et al., "The Efficiency-Equity Tradeoff of the Corporate Income Tax: Evidence from the Tax Cuts and Jobs Act," March 21, 2024.

⁵ Paul Landefeld, "Modeling International Tax Proposals at the Joint Committee on Taxation," International Tax Policy Forum – Georgetown University Law conference presentation, Washington, DC, April 5, 2024.

⁶ Internal Revenue Service, Statistics of Income Division, *Corporate Foreign Tax Credit*, October 2024.

⁷ U.S. Bureau of Economic Analysis, "[Table 4.1 U.S. International Transactions in Primary Income](#)."

⁸ Joint Committee on Taxation, *Macroeconomic Analysis of the Conference Agreement for H.R. 1, the "Tax Cuts and Jobs Act"* (JCX-69-17), December 22, 2017, p. 7.

⁹ "Average company" refers to the company experiencing the average change in taxes due to the TCJA. Gabriel Chodorow-Reich, et al., "Tax Policy and Investment in a Global Economy," NBER Working Paper 32180, March 2024.

¹⁰ U.S. Census Bureau, Real Median Household Income [MEHOINUSA672N], retrieved from [FRED](#), Federal Reserve Bank of St. Louis, March 27, 2024.

¹¹ U.S. Bureau of Labor Statistics, Employed full time: Usual weekly nominal earnings (first decile): Wage and salary workers: 16 years and over [LEU0252911200Q], retrieved from [FRED](#), Federal Reserve Bank of St. Louis; April 11, 2024.

¹² Bureau of Labor Statistics, Employed full time: Median usual weekly real earnings: Wage and salary workers: 16 years and over [LES1252881600Q], retrieved from [FRED](#), Federal Reserve Bank of St. Louis, April 11, 2024.

¹³ U.S. Bureau of Labor Statistics, Unemployment Rate [LNS14000006, LNS14000009, LNS14027659], retrieved from [FRED](#), Federal Reserve Bank of St. Louis, May 6, 2024.

¹⁴ U.S. Census Bureau, Current Population Survey, 1960 to 2023 Annual Social and Economic Supplements.

¹⁵ Joint Committee on Taxation, *Macroeconomic Analysis of the Conference Agreement for H.R. 1, the "Tax Cuts and Jobs Act"* (JCX-69-17), December 22, 2017, p. 7.

¹⁶ Congressional Budget Office, Budget and Economic Outlook: 2018 to 2028, Table B-3, April 9, 2018, p. 129.

¹⁷ Congressional Budget Office, [An Analysis of Corporate Inversions](#), September 2017.

¹⁸ <https://www.taxpolicycenter.org/briefing-book/what-are-inversions-and-how-did-tcja-affect-them>