



Tax Reform Messaging

Qualitative & Quantitative Findings, Analysis,
and Recommendations

America First Policies

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Introduction and Methodology

America First Policies is pleased to present this report and analysis of our mixed method 2017 multi-phased tax reform study.

Tax reform research components include:

- Initial Tax Reform Quantitative Research Benchmark conducted between June 25 - 28, 2017 among N = 1,202 Registered Voters using a split-sample of 1/3 Landline, 1/3 Cell phone, and 1/3 Internet. Margin of error: + 2.8%
- Qualitative in-person focus groups. These focus group sessions included independently-recruited respondents, that were carefully screened to include a variety of individuals from different ages, ethnicities, work, income, educational, political, and ideological opinions.
 - August 14, 2017: Columbus, Ohio group was comprised of 10 ‘Somewhat-partisan/Independent Swing voters’
 - August 15, 2017: Tampa, Florida group was comprised of 11 ‘Somewhat-to-Strong Republican voters’
- Tax Reform Quantitative Messaging Research conducted between August 16 – 18, 2017 among N = 1,200 Registered Voters using a split-sample of 1/3 Landline, 1/3 Cell phone, and 1/3 Internet. Margin of error: + 2.8%

Objectives of this multi-phased study included:

- Developing a baseline awareness for individuals’ opinions toward the federal tax system;
- Determining focus group participants’ opinions toward current tax laws , including concerns about the system, and current understanding about the tax *reform* proposal;
- Examining participants’ opinions toward specific elements of the tax reform proposal; and
- Understanding which tax reform arguments are most effective in augmenting perspectives.

NOTE: the information and insights extrapolated from focus group sessions represent the attitudes and opinions of a small number of respondents and is not statistically representative of a larger universe.



Initial Quantitative Key Findings

- **A large majority of voters are dissatisfied with the federal income tax system.**

The June survey shows that 66 percent of American voters are dissatisfied with the current federal income tax system. Dissatisfaction is widespread with at least six in ten voters in each of the partisan voter segments registering their disapproval (Republicans 75%; Independents 66%; Democrats 61%). In addition, 82 percent of all voters polled believe tax reform needs to be passed in the future.

- **Voters prefer a simpler and fairer tax code.**

According to the poll, what voters like most about the current tax reform proposals is that they will make the tax code simpler and fairer, while providing relief for working families and encouraging job creation. Specific elements and impacts of tax reform that voters found most appealing are:

- Making the tax code simpler, fairer, and flatter, so that it's not only easier to do your taxes, but it's also easier to have peace of mind at critical moments, whether it's going to school, getting a job, raising a family, or planning for retirement (83% favor).
- Providing tax relief for families with child and dependent care expenses (83% favor).
- Maintaining as tax deductions the interest on homeowner mortgages, charitable giving, and retirement savings (84% favor).
- Delivering a 21st-century American tax code that is built for growth—the growth of families' paychecks, the growth of local businesses, and the growth of our economy as a whole (80% favor).
- Modernizing the tax code to encourage corporations to stay in America and create new jobs at home, and will even encourage foreign companies to relocate here (84% favor).
- Clearing out the bureaucracy by doing away with all the rules, regulations, forms, and instructions that won't be needed with a simpler, fairer tax code (69% favor).
- Raising wages for American workers and create nearly 2 million full-time jobs in the United States (76% favor).



Qualitative Key Findings

- **The federal tax system – as it stands – is in dire need of being ‘streamlined.’**
The ‘difficult to understand’ tax structure lead focus group participants to believe that the average American family is taking on a larger tax burden due to lack of intimate knowledge of the incomprehensible tax system. Conversely, large corporations and wealthy individuals are believed to understand the complexities of the tax code, and are therefore able to ‘unfairly’ minimize their tax burden through ‘loopholes’ or receiving tax credits.
- **Tax reform begets tax relief...**
A stark consensus between the two focus groups was that participants want to see the tax system reformed, so that they (personally) can receive tax relief. Participants point to tax code loopholes, the poor structuring of the IRS, being taxed twice on investments, and complex tax brackets as problems which hinder them from receiving tax relief. The focus group participants believe ***tax reform will create tax relief.***
- **‘What’ is unfair? The current tax system is unfair.**
Participants find many aspects of the tax system to be ‘unfair.’ Some find it unfair that the IRS is taxing them twice on the same funds. Others find it unfair that the system is so complicated that they need an advanced degree to file their taxes or have to hire an accountant. Still others find their current tax rate to be unfair, and a majority find it unfair that the large corporations and the rich can make loopholes in the code. . . Bottom line: ***the current federal tax system is what’s unfair, not just one component of the system.***
- **Partisan or Bipartisan, fix the damn thing.**
Independent-swing voters in Columbus don’t have an issue with Republicans taking the lead on tax reform, and Republicans in Tampa don’t have an issue if Republicans work with Democrats on the issue – just as long as our tax system is reformed.
- **... “I oppose doing nothing.”**
By far, the clearest message from both focus groups participants was that they oppose doing nothing to the federal tax system. People don’t understand how we, as a country, are still taking about the tax system being too complex, or unfair to families or small businesses. Participants understand that the federal tax system is a behemoth, and they don’t expect *everything* to be taken care of overnight - but they’ll take something over nothing. Respondents believe that ***any update*** to the tax code that makes is ‘easier to comprehend,’ ‘harder for corporations to cheat,’ and/or ‘fairer for families and individuals’ ***is a win.***



General Analysis

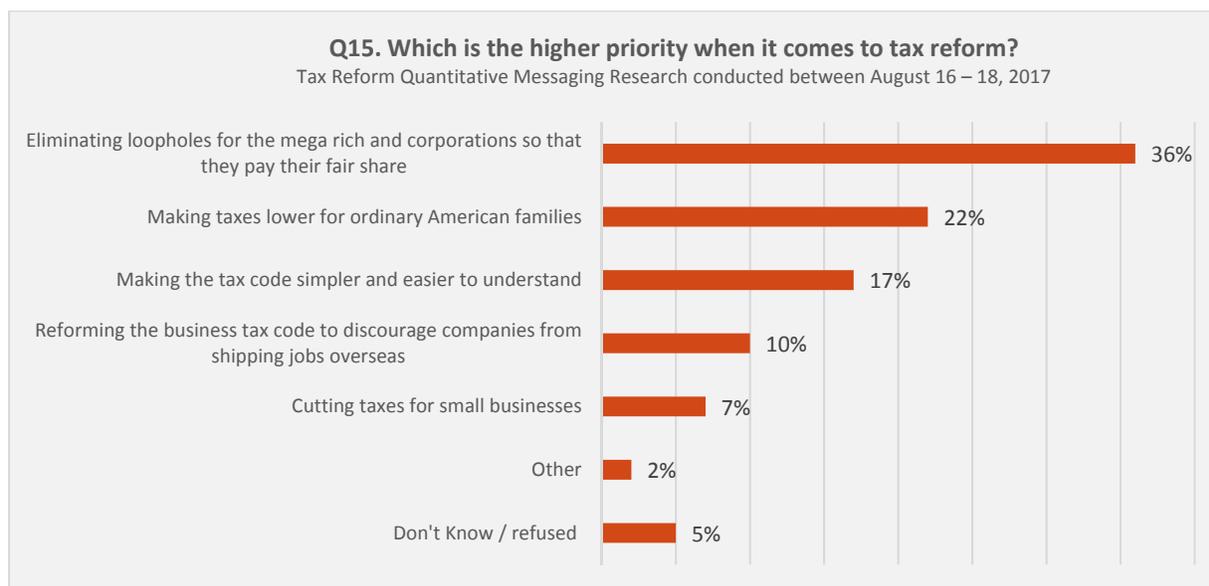
The current tax system needs reformed, for complexity sake!

Participants in both focus groups bemoaned the complexity of the current federal tax system. They are frustrated that they cannot understand the system, and overwhelmingly agree that the current complexity of the tax code drives unfair practices such as large corporations and the rich enjoying 'loopholes.' Respondents believe these loopholes make it more difficult for the federal government to lower taxes for ordinary American families.

Respondents see tax reform as the first step on the path to tax relief. Their thought process is: If the tax code is reformed so that the mega rich and corporations pay their fair share, then taxes can lower for average American families.

"We need simplification. The tax code started 100 years ago & has grown to 70,000 deductions and privileges." - Susan (Columbus)

"The biggest problem is the loopholes that allow big money to continue making or keeping their big money" - Laura (Tampa)





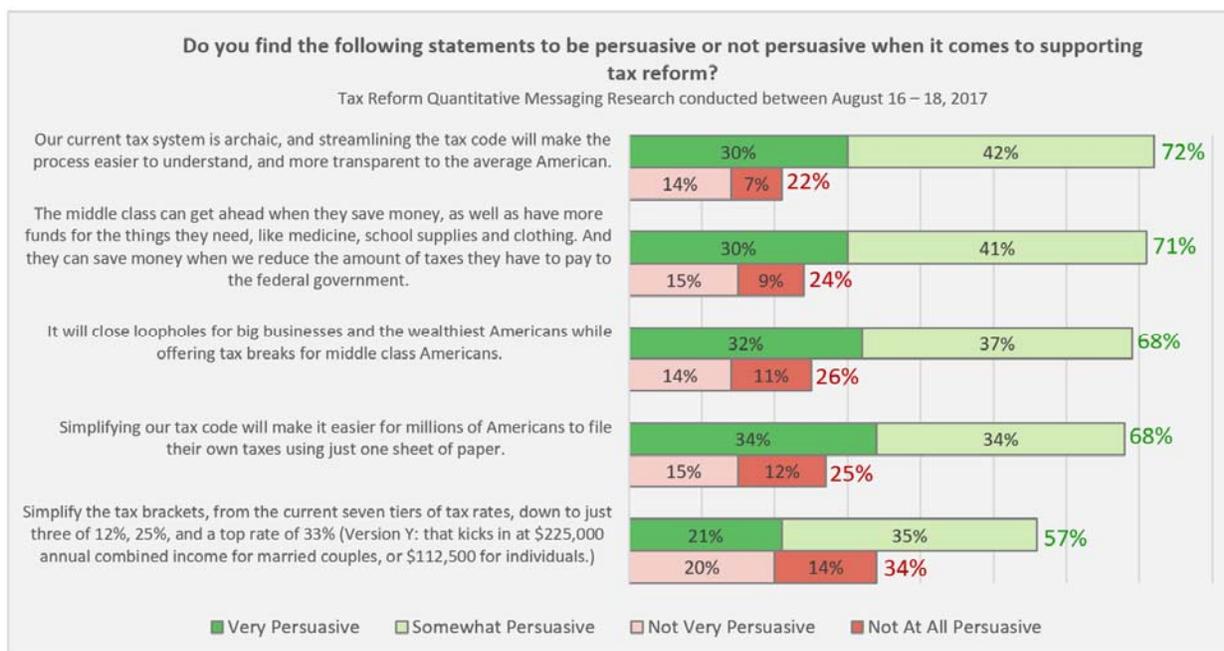
‘Simplify’ and ‘Streamline’ the tax code to help the middle class.

Of the 21 focus groups respondents interviewed, not one opposed the *proposal to make the income tax code much simpler with improvements like a larger standard deduction because far fewer taxpayers will need to itemize, which means their tax form can go back to one simple page.*

- **Of Note** – *For filing your taxes, a simple page of paper works, a postcard does not:* focus group respondents in both locations found it unrealistic to file your taxes on a form the size of a postcard. However, they resoundingly approve of the idea of filing on a single, simple page of paper. This does contrast with the 73% of June Survey respondents who favored a tax reform plan that would “make it so simple that most Americans would be able to use a tax form that could fit on a postcard.”

When tested quantitatively, American’s agree that *our current tax system is archaic, and streamlining the tax code will make the process easier to understand, and more transparent to the average American.* Our August 2017 research found that 72% of all respondents found this message of streamlining the archaic tax code to be persuasive, a net 50 points over the 22% who do not find the message to be persuasive.

Middle class Americans are an important inclusion when speaking to streamlining the tax code. Ensuring that Americans understand that streamlining or simplifying the tax code will close loopholes for big business, while offering **tax breaks for middle class Americans** is a message that resonates with the majority of voters from either side of the aisle.





“I oppose doing nothing!”

Focus group respondents in Columbus and Tampa were unable to define what a ‘fair’ tax rate would be for themselves, or other Americans. Participants were unsure of the rate they were currently being taxed, and found it difficult to provide examples of income levels for tax brackets or percentages at which certain incomes should be taxed.

What focus group respondents repeated, along with the majority of Americans tested quantitatively, is that they favor most all proposed measures tested, as long as it does ‘something’ to update the tax code: streamlining the tax code, reducing taxes on middle class Americans, or closing loopholes for big businesses and the wealthiest individuals.

“I oppose doing nothing!” – Kenneth (Tampa)

When provided with the option of *passing reform no matter what, whether it is passed by the Democrats or Republicans, as long as it makes the taxpayer system simpler and benefits ordinary American families*, 47% of American’s preferred supporting tax reform regardless of bipartisan support, which is seven points more than those insisting that any reform must be bipartisan (40%).

Q25. Which is the best reason to support tax reform?

- | | |
|-----|--|
| 47% | (Some/Other) people want tax reform no matter what, whether it is passed by the Democrats or Republicans, as long as it makes the taxpayer system simpler and benefits ordinary American families. |
| 40% | (Other/Some) people want tax reform that makes the system simpler, and more beneficial to ordinary families, but they also insist that any reform must be bipartisan - with support from both Republican and Democratic lawmakers. |
| 5% | Indifferent (vol) |
| 8% | Unsure / refused (vol) |



What Works – And Not So Much

- What Works -

- **Simpler:** Making the tax code simpler and easier to understand
- **Fairer:** Eliminating loopholes for the mega rich and corporations so that they pay their fair share.
- **Lower:** Making taxes lower for ordinary “middle class” American families.

Suggested Messaging

- **Streamline the tax code:** Our current tax system is archaic, and streamlining the tax code will make the process easier to understand, and more transparent to the average American
- **...For the middle class:** The middle class can get ahead when they save money, as well as have more funds for the things they need, like medicine, school supplies and clothing. And they can save money when we reduce the amount of taxes they have to pay to the federal government.
- **And close the loopholes:** Tax reform will close loopholes for big businesses and the wealthiest Americans while offering tax breaks for middle class Americans.

- What Doesn't Work as Well -

- **Details:** Stating that one will simplify the tax brackets; *from the current seven tiers of tax rates, down to just three of 12%, 25%, and a top rate of 33%*, seemingly makes things more complex. . . Simply *simplifying* will do.
- **Getting away from the average American:** reforming the business tax code or cutting taxes for small businesses doesn't resonate as soundly as making taxes lower for the ordinary American family.