

# Governor Christie's Five Point Economic Growth Plan

*"As a Republican, I don't suffer from the disease that Democrats do – I don't feel the political need to vilify the wealthy and accomplished. But by the same token, I do not feel we need to protect them either. The policies of this president have led to a crippling decline of middle class wages and opportunities, while our wealthiest have gotten wealthier on a stock market fueled by borrowing and easy money. I will not attack or vilify those who have been successful, but America now needs leaders who will fight for our middle class by growing our economy and unleashing the opportunities that will come with growth."*

– Governor Chris Christie, The University Of New Hampshire, Manchester, NH, May 12, 2015

## **1) PRO-GROWTH TAX REFORM**

Governor Christie believes we need a tax system that lowers individual rates for every American while unleashing the nation's growth potential.

**Flatter, Fairer And Simpler Individual Income Taxes:** America's tax code is bloated – over 70,000 pages – and Americans spend 3.24 billion hours of their time complying with the code. Governor Christie believes we should encourage growth by lowering rates and simplifying returns.

- Lower Rates For Every American: Simplify the income tax system to just three individual income tax rates, instead of the current six. The top rate will be no higher than the 28% set in the last major successful tax reform effort in this country – the Bradley-Gephardt-Reagan law signed in 1986. and the bottom rate should be single digit.
- Keep Taxes Simple By Reducing Deductions And Giveaways: Eliminate or modify deductions, credits, and targeted provisions in the code – both on the personal and the corporate side – to ensure that the plan does not increase the deficit. One approach in this regard is to cap the total amount of deductions and credits that an individual or married couple could take.
  - Governor Christie would keep in place the deduction for charitable contributions and that for interest on home mortgages – at least for a first home.

**Putting Capital To Work In America:** Over two trillion dollars of profits that have been generated internationally are sitting offshore while U.S. companies are declining to make investments here at home.

- Encourage Capital Investments In Equipment: Companies are not making capital investments in the U.S. in part because they are concerned about the anti-growth direction of Washington. To spur those capital investments that create opportunity and jobs, we should permit the full expensing of corporate investments in capital equipment. This would encourage this type of very important investment and spur the type of growth that will create middle class jobs.
- A One-Time Repatriation Holiday: Allow American companies a one-time opportunity to repatriate profits earned overseas over the last two decades at a much lower tax rate - 8.75%.
  - This would unleash well over a trillion dollars of capital that would be invested in the United States of America to expand companies in the U.S, build factories and warehouses, improve our infrastructure and create jobs.

- A Territorial Tax System: As it stands now, America is among a tiny handful of nations which have a system that taxes profits twice. The one-time repatriation holiday should be combined with a permanent transition to a Territorial Tax System going forward, in which profits are taxed just once in the country in which they are generated.

**A More Competitive Corporate Tax Rate:** The United States has the highest tax rate in the industrialized world. While other countries have been reducing their rates to improve their competitive position, the United States has been stuck at 35% which discourages investment and job creation.

- Reduce The Corporate Tax Rate From 35% To 25%: The Organization for Economic Co-operation and Development (OECD) studies have shown that corporate taxes are the most harmful to growth. In fact, Standard & Poor's reported that cutting the corporate tax rate by ten percentage point could create as many as 10 million jobs over the next five years, while improving labor force participation.
- Repeal The Medical Device Tax: Repeal one of Obamacare's tax-related and job-killing provisions – the 2.3% tax on medical devices. The medical device industry has been a source of growth for the U.S. economy, a source of exports, and a source of innovation and there is strong bi-partisan support to repeal this tax.

## **2) GETTING REGULATION UNDER CONTROL**

Across the board, the current administration has wielded a heavy hand in regulation. And that heavy hand has placed a brake on growth. The current administration's overreach must be reined in, and future regulatory decisions must be made in a more efficient, transparent and cost-effective manner.

- End The Obama Era Of Executive Overreach: Regulation should be used to implement actions explicitly authorized by statute. This era in which an ideological administration tries to accomplish through the regulatory state what it didn't have the votes to accomplish in the duly elected congress must end.
- A More Rational Regulatory Review Process: Under administrations of both parties, we have had a requirement that the benefits of major regulations are supposed to outweigh the costs. Yet in this administration such cost-benefit analysis has been largely ignored, or gamed. Benefits have been stretched, and costs have been understated. We should insist on cost-benefit analysis, and we should heed the results, as required by law.
- Capping The Cost Of Regulation For Employers: President Obama's own Small Business Administration admitted that federal regulation costs over \$10,000 per employee. Congress should adopt a regulatory budget, such that the cost of complying with all regulations adopted by the federal government in any given year will not exceed a set amount.
- A "Regulatory Zero" Rule: Similar to the "Pay As You Go" system on the fiscal side, for each new rule that is imposed, one of equal cost must be sunsetted or removed. This rule will keep the growth of the regulatory state from smothering the entire U.S. economy.
- A Review Of Every Obama Rule And EO: After eight years of the Obama administration, it will be time for some major cleanup. Any new president should, during the transition, review every rule

and executive order published under this administration, so that on day one, the most egregious and unlawful ones can be revoked.

### **3) A NATIONAL ENERGY STRATEGY**

As Governor Christie stated when he visited Mexico last fall, we are in the midst of a North American Energy Renaissance. The U.S. and its friendly neighbors and close trading partners Canada and Mexico – have a major opportunity to increase the competitiveness of our regional economy in the world, and to improve our strategic and security position at the same time. We can and should tap every form of energy in an environmentally sound manner – that is a true “All Of The Above” energy strategy.

- Strengthen Our Energy Infrastructure: The U.S needs to build the necessary infrastructure to get product to markets and ensure the smooth functioning of our energy markets. That means constructing pipeline infrastructure where needed –including the Keystone Pipeline. And it means the infrastructure which will make possible increased energy exports as well.
- Lift The Ban On Crude Oil Exports: Allow markets to function and allow U.S. producers to take advantage of much higher prices for various types of energy in both Europe and Asia.
- Create Fairness In The Way The Energy Industry Is Regulated: Rationalize the country’s approach to regulation to make sure it is fair. The regulatory framework should allow all forms of energy to compete, on a level playing field.
- Research Into New Technologies: Ensure the U.S can maximize its energy resources in an environmentally sound manner by developing greater technological capabilities. Everything from capturing and sequestering carbon to improving battery technology to storage for wind and solar.

### **4) CREATING INCENTIVES TO WORK**

The critical measure of success for any growth plan is people going to work at jobs worth doing. Today, though, there are too many federal policies which discourage work. America must reduce the marginal cost to the employee of taking a job, and reduce the federally-imposed cost to an employer of hiring someone.

- Repeal Obamacare’s 30-Hour Workweek: Obamacare requires that any employer employing someone more than 30 hours a week provide health insurance. This rule is a clear contributor to the massive shift from full time to part time employment under this president. Let’s get the 40-hour work week off the endangered species list and put Americans back to work.
- Eliminate The Payroll Tax For Those At The Beginning And End Of Their Careers: In outlining his entitlement reform proposals, Governor Christie recommended eliminating the payroll tax for those above age 62. Today, Governor Christie is also calling for a similar tax break for those newly entering the work force, below age 25. This will encourage those nearing retirement to keep working should they want to; and make it easier for the young to enter the work force. Both will be good for America.

- Reform Disability Insurance To Help Individuals Return To Work: As part of his entitlement reform proposal package, Governor Christie called for reforming Social Security Disability Insurance to encourage a return to work and to reward employers who re-hire those on disability. As part of this proposal, eligibility for benefits would be conditioned on entering a rehabilitation program and developing a workplace reentry plan.

## **5) ENSURING THAT AMERICA IS THE HOME OF INNOVATION**

America must remain the home of innovation in the world. This will require investing in research and development, focusing education on the needs of employers and increasing access to capital.

- Give Greater Priority To Investments In The Future: In the past few decades, as spending on entitlements and health care as a percent of GDP has soared, investment in R&D has been basically flat. Yet it is this exact investment in basic R&D, in such areas as biomedical research, materials science, and high performance computing that has laid the vital groundwork for so much innovation in America's fastest growing industries, such as technology and biotech.
  - To encourage private sector innovation, the R&D tax credit permanent as part of broader tax reform. In 2009, over 12,000 companies, including over 5,000 manufacturers, used the credit.
- Greater Focus On Workforce Skills In Higher Education: In addition to investing in universities themselves through research, the U.S. must do a better job matching the skills students learn with the needs of employers. Pathways between high school, post-secondary education, and the entry-level job market must be more seamless. Students and parents also need greater transparency on what they're paying for and greater choice on whether we want to pay for it.
- Give Young, Growing Companies Easier Access To Capital: America has for many years had the deepest, most liquid, most transparent capital markets in the world. Yet America is now losing its edge, in part due to the unintended consequences of regulation. Reform which makes it easier for young high growth companies to access the capital markets is essential.