

Nick Maniaci: Democrats should support tax policies that promote American jobs and businesses

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President Joe Biden has recently signaled his willingness to negotiate on tax policy, and this flexibility will not only help rebuild this country's economy but will strengthen the Democrats' odds of victory in key 2022 midterms races. And this is critical, because the outcome of the midterm elections will determine whether President Biden can execute his policy objectives during the second half of his term, or face a stonewalling Congress who will refuse to let the President – or the country – succeed.

In addition to the President's willingness to take a step back from raising the corporate tax rate to pay for his infrastructure package, he issued his endorsement of a global minimum tax of at least 15 percent. In tandem, these two decisions show a willingness to implement a tax system that ensures all companies pay their fair share without unilaterally raising the corporate rate. This measured approach could be the key to success for Democrats in the 2022 midterm elections.

Understandably, there were many in the business world who feared President Biden's original infrastructure plan, which included substantial increases to the corporate tax rate from 21 percent to 28 percent, with many thinking this move would weaken the current competitive tax advantages for U.S. businesses. Additionally, there are those who were concerned that raising the corporate tax rate would adversely affect domestic labor, by shifting business overseas, and lowering the amount of capital available to American workers. This could ultimately lead to lower wages for everyday Americans and decreased job opportunities, which is a result that Democrats rightly fear.

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And one only has to look to the retail sector to see why. Before the Tax Cuts and Jobs Act became law, the retail industry had one of the highest effective tax rates of any sector of the economy, having fewer deductions and tax preferences to decrease their tax liabilities. This is in addition to the retail sector being disproportionately negatively impacted by tariffs. Despite still paying some of the highest corporate tax rates of any sector in the U.S., retailers – particularly small businesses that run on slim margins – were grateful when the tax bill reduced the rate from 35 percent, which was the highest in the industrialized world, to 21 percent.

Immediately after the new tax bill became law, retail companies detailed how they had reinvested those savings into workforce development and increased wages for workers. And given that one in four American workers are employed by the retail industry, any benefit to the sector is of benefit to American families across the country.

As the Biden administration and congressional Democrats inevitably turn their attention to the 2022 midterms, including the battleground Senate race happening here in Wisconsin, it is critical that Democrats focus on kitchen table issues like how they are going to create jobs in the state and help Wisconsinites succeed.

One way they can do that is, instead of raising taxes on businesses, they can work to ensure that all businesses are paying their fair share now. If a business is finding a dubious way to skirt their tax liabilities, increasing the tax rate won't actually result in the corresponding revenue increase. By implementing initiatives like the global minimum tax, instead of raising the corporate tax, Democrats can ensure businesses who are paying the appropriate amount of taxes don't become overextended and have to lay off workers, and businesses who are evading taxation can be brought to justice and the funds from owed tax revenue can be used for the public good.

As President Biden heads to Wisconsin with Agriculture Secretary Tom Vilsack to discuss how his administration can support rural communities and the agricultural sector, kitchen table issues like the economy will be top of mind. Thankfully, I know that the president and his administration, along with key Democrats in Congress,

will prioritize ensuring that companies that comply with tax codes are not further burdened by a raised corporate tax rate, and that those corporations who try to dodge taxes are held accountable through effective initiatives. In doing so Democrats will not only generate more tax revenue, and allow businesses and their employees to thrive, but will also optimize their chances of winning Wisconsin and maintaining their congressional majority in 2022.

- Maniaci is a Democrat from Oak Creek.