



September Tax Reform Research

Qualitative 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 September 2017 multiphased tax reform study.

Tax reform research components include:

- September Tax Reform Quantitative Brushfire Research conducted between September 15-17, 2017 among N = 1,200 Likely Voters using a split-sample of 1/3 Landline, 1/3 Cell phone, and 1/3 Internet. Margin of error: ± 2.83 .
- Indianapolis 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.
 - September 26, 2017 ‘Trump-Voter’ Focus Group: Comprised of 12 ‘Independent,’ ‘Somewhat Republican,’ ‘Strong-Republican’ 2016 Donald Trump voters, conducted from 5:30pm to 7:30pm in Indianapolis, Indiana.
 - September 26, 2017 ‘Independent-Middle’ Focus Group: Comprised of 12 ‘Independent,’ ‘Somewhat Republican,’ ‘Somewhat Democrat’ registered voters, 4 of whom voted for Clinton in 2016, 5 of whom voted for Donald Trump in 2016, 3 of whom voted for a candidate other than Hillary Clinton or Donald Trump in 2016.
- Red State Tax Reform Quantitative Messaging Research conducted between September 21-24, 2017 among N = 1,600 Likely Voters using a split-sample of 1/4 Landline, 1/4 Cell phone, and 1/2 Internet. Margin of error: ± 2.45 combined 4 states (± 4.9 per state)
 - Red states include: Indiana, North Dakota, Tennessee, West Virginia
- Blue State Tax Reform Quantitative Messaging Research conducted between September 21-24, 2017 among N = 1,600 Likely Voters using a split-sample of 1/4 Landline, 1/4 Cell phone, and 1/2 Internet. Margin of error: ± 2.45 combined 4 states (± 4.9 per state)
 - Blue states include: California, Illinois, New Jersey, New York

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.

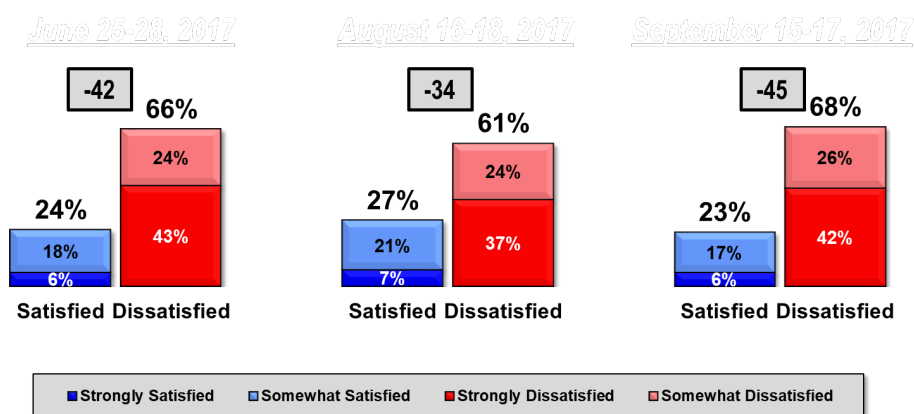


September National Tax Reform Quantitative Key Findings

Dissatisfaction with tax reform on the raise

Over 2 in 3 American voters now say they are dissatisfied with the current federal income tax system (68% dissatisfied, 23% satisfied).

Are you satisfied or dissatisfied with the current federal income tax system?



The most agreeable statement on tax reform tested (86% agree) states - *When it comes to tax reform, the choice is simple: we should stand with American workers and middle-class families and not the special interests and the DC Lobbyists.* The sentiment of this statement is backed by the most persuasive argument tested as well, in which 82% of voters are persuaded to support tax reform because *[we] need a tax code that is simple, fair, and easy to understand. That means getting rid of the loopholes and complexity that primarily benefit the wealthiest Americans and special interests.*

- *Lobbyists who fight for tax loopholes for wealthy clients* is who 87% of Americans blame for the problems with our current tax system.

Public perceptions of proposed tax reform need to change

The biggest obstacle in selling tax reform to the American people right now is that more voters believe President Trump’s tax reform plan will raise taxes on ordinary American families (40%) than those who believe it will reduce taxes for ordinary American families (34%).

- Americans also believe that the President’s tax reform plan will create loopholes (49%) rather than close loopholes (27%).



Another messaging obstacle to overcome is quelling voters fear that Trump's tax proposal is really a *tax cut for the wealthiest Americans, special interests and big corporations*, which is what 49% of voters believe. That is 12-points more than those who believe Trump's tax reform proposal will *benefit middle class taxpayers by making the tax code simpler and fairer, reducing the rates they pay, and making it easier for companies to hire new employees* (37%).

- "Middle Class" is defined by 75% of voters, as families making between \$41,000 a year, to those making \$80,000 a year.

DACA, Democrats & Deceptive Advertising

The President's decision to *work with Democrats in Congress to fund the government until mid-December* was viewed by over 2 in 3 (68%) voters to be the right decision, 51-points over those who say *President Trump was wrong to cut a deal with Democrats* (17%).

- Voters are split on whether they support (46%) or oppose (47%) President Trump's recently rescinded "Dreamer" executive order.

More Americans believe Fox News is a more trustworthy news outlet (29%), than CNN (19%) or MSNBC (14%).

- Republicans most trusted news source: Fox News (69%)
- Democrats most trusted news source: CNN (32%)
- Independents most trusted news source: BBC America (28%)

Nearly 6 in 10 voters disagree with CNN's assessment that they are 'the most Trusted name in news' (58%), to less than a third of voters (31%) who agree with the statement.

Summary

Americans are dissatisfied with the current tax code. Voters believe *lobbyists who fight for tax loopholes for wealthy clients* is the number one problem with the current tax code. Yet voters are not sold that the President's tax reform proposal will eliminate loopholes for the rich, and they believe that tax reform will raise taxes on the middle class.

President Trump's second highest job approval comes from *improving our economy* (55% approve, 38% disapprove). Voters need to understand that tax reform will help the economy (more specifically, those in the middle class), make the tax code simpler and fairer, and close loopholes to wealthiest Americans.



Indianapolis Qualitative Key Findings

- **“The selfishness of Washington needs to stop. Congress doesn’t care about the people anymore.”**
As seen in September’s Tax Reform Brushfire regarding President Trump’s willingness to reach across the aisle (68% of voters say the President made the right decision to work with Democrats to help fund the government until mid-December), many focus group respondents are tired of the back-and-forth, ‘do nothing’ culture that has gripped elected officials in Washington. Independent and Trump voters alike agree that the tax code needs reformed, and that officials need to find a way to get *something* passed on the issue.
- **“Trump blames everyone. The other politicians are just blaming the other side. Trump is right, both sides are to blame.”**
A good number of respondents thought it was disingenuous for the Democrats to start preaching about the deficit given their track record of wasteful spending and disregard for the deficit. Others thought that if Republicans wanted to pass tax reform legislation, then they should get their members in line and pass tax reform legislation. The issue that both focus groups saw, was that it’s not one party’s fault that bills can’t be passed in Washington, rather, it’s both parties fault.
 - **“The Democrats don’t care about the deficit or spending... they’re the ones that got us here.”**
One of the Democrat’s attacking points against Republicans was that tax reform would lead to a higher deficit. This argument did not work well among either groups. Independents thought that it was more of the same ‘blame game,’ and Republican members looked at the deficit as something that Democrats have run up in the past 8 years.
- **“I like that. He was specific.”** (In response to President Trump outlining tax reform specifics)
Respondent’s view of the President’s tax reform speech showed that voters don’t care about drama or scandals, finger pointing, or politicking. They care about what the President’s policies would do for their families. The more the President can point to simple, yet concrete policies and relate them to an average voter, the more they will believe him and support tax reform.
- **“I don’t want to decide whether or not I like football or not.”**
Both groups suggested that the President has enough on his plate, be it tax reform, Obamacare, or immigration, that one-off twitter fights distract from the issues that they would like to see their President handling. These voters believe that the media and reporters are able to distract the President, turning him from a ‘uniter’ to a ‘divider’.

“Elevate his arguments to not be so petty, and personal in his attacks on others. He needs to be a uniter, not a divider like his predecessors.” (Ernie, Trump Voter)

“Maintain your integrity in a city that has very little.” (Melissa, Trump Voter)



Red State Tax Reform Quantitative Key Findings

Red State Voters are Dissatisfied with the Current Tax System

Over 6 in 10 (62%) of all likely voters in Indiana, North Dakota, Tennessee, and West Virginia say that they are *dissatisfied* with the current federal income tax system (27% Satisfied, 62% Dissatisfied). Of these, 38% are strongly dissatisfied.

Are you satisfied or dissatisfied with the current federal income tax system?					
	Total	Indiana	North Dakota	Tennessee	West Virginia
Total Satisfied	27%	21%	25%	30%	32%
Total Dissatisfied	62%	69%	62%	60%	58%

This Dissatisfaction Leads Them to Favor Tax Reform

When asked if respondents *would be (ROTATE) more likely or less likely to vote for (Senator's Name) if he/she opposed President Trump's tax reform package*, 40% of voters stated that they would be less likely to vote for their Senator if they opposed tax reform. Of these, 25% would be MUCH less likely. Less than 1 in 3 voters (32%) said that they would be more likely to vote for their Senator if he were to oppose the President's tax reform.

Would you be (ROTATE) more or less likely to vote for Senator (NAME) if (he/she) OPPOSED President Trump's tax reform package?					
	Total	Indiana	North Dakota	Tennessee	West Virginia
Total More Likely	32%	33%	29%	32%	36%
Total Less Likely	40%	41%	42%	40%	38%

Both overall opinion and intensity suggests that voting against the President's tax reform will be net negative for these Senators.

When asked, *Will President Trump's tax reform plan reduce taxes for ordinary American Families or will it raise taxes on them*, more voters believe that the President's tax reform plan will reduce taxes for American families (37%) than raise taxes on them (31%).

Will President Trump's tax reform plan reduce taxes for ordinary American families or will it raise taxes on them?					
	Total	Indiana	North Dakota	Tennessee	West Virginia
Reduce Taxes...	37%	38%	32%	40%	37%
Raise Taxes...	31%	30%	27%	32%	34%



What’s more, a plurality of voters in these states (45%) would be less likely to vote for their Senator *if they voted against a plan that cut taxes for the middle class*, 11-points more than 34% who would be more likely to vote for a senator who voted against tax cuts for the middle class.

	Would you be (ROTATE) more or less likely to vote for Senator (NAME) if (he/she)...voted AGAINST a plan that cut taxes for the middle class?				
	Total	Indiana	North Dakota	Tennessee	West Virginia
Total More Likely	34%	29%	32%	32%	45%
Total Less Likely	45%	47%	46%	48%	38%

There is widespread support for *President Trump’s plan to allow families and businesses to dedicate a percentage of their taxes to fund education scholarships for low and middle-income families, allowing them to send their children to the school of their choice*. A strong majority (63%) of likely voters support this legislation reform.

Red State Summary

Tax reform may be a pivotal issue in the 2018 midterms, and these states are among a few where this issue may be consequential to the elected officials therein.

Red State voters are very dissatisfied with the current tax code, and a plurality of voters currently believe that the President’s tax reform plan will reduce taxes for ordinary Americans.

Opposing the President’s proposal is a net negative for Senators in these states. If they oppose President Trump’s tax reform package, 4 in 10 voters would be *less likely* to vote for the Senator (40% less likely, 32% more likely). Moreover, if voters believe that their Senator were to vote against a plan that cut taxes for the middle class, a strong plurality of voters (45%) would be *less likely* to vote for their Senator.



Blue State Tax Reform Quantitative Key Findings

Blue State Voters are Dissatisfied with the Current Tax System

More than 6 in 10 (63%) of all likely voters in California, Illinois, New Jersey, and New York say that they are *dissatisfied* with the current federal income tax system (25% Satisfied, 63% Dissatisfied). Of these, 43% are strongly dissatisfied.

Are you satisfied or dissatisfied with the current federal income tax system?					
	Total	California	Illinois	New Jersey	New York
Total Satisfied	25%	29%	19%	24%	28%
Total Dissatisfied	63%	60%	69%	63%	61%

Tax Reform Policies Propelled by Republican Intensity

When asked if a voter *would be (ROTATE) more or less likely to vote for your member of congress if they supported a tax reform plan that eliminates the deduction for state and local taxes*, over half (51%) of Republican voters said they would be more likely, with 29% saying they would be much more likely to vote for their member. About 1 in 3 (34%) Republicans in Blue states say they would be less likely to vote for their member if they supported a tax reform plan that eliminates the deduction.

Would you be more or less likely to vote for your member of congress if they supported a tax reform plan that eliminates the deduction for state and local taxes? (Among Republicans)					
	Total	California	Illinois	New Jersey	New York
Total More Likely	51%	48%	47%	52%	60%
Total Less Likely	34%	36%	34%	34%	31%

When asked, *do you support or oppose President Trump's plan to allow families and businesses to dedicate a percentage of their taxes to fund education scholarships for low and middle-income families, allowing them to send their children to the school of their choice?* Over half of all blue state voters (55%) say they support the President's plan, 22-points higher than the 33% of voters who oppose the plan. Again, we see Republican support for this tax reform policy being propelled by Republican voters, of whom 73% support a percentage of their taxes being used to fund education scholarships, to 20% who oppose the legislation.



do you support or oppose President Trump's plan to allow families and businesses to dedicate a percentage of their taxes to fund education scholarships for low and middle-income families, allowing them to send their children to the school of their choice? (Among Republicans)

	Total	California	Illinois	New Jersey	New York
Total Support	73%	81%	73%	74%	63%
Total Oppose	20%	14%	19%	21%	30%

If Menendez is Convicted, Senate Should Vote to Expel

Asked only among voters in New Jersey, *If Democrat Senator Bob Menendez, who is currently on trial for corruption, is convicted, should the US Senate vote to expel him?* Over 7 in 10 voters (71%) said the U.S. Senate should vote to expel him, 56-points higher than the 15% who say ‘no’, he shouldn’t be expelled if convicted. Sentiment to expel Menendez was seen across party lines.

If Democrat Senator Bob Menendez, who is currently on trial for corruption, is convicted, should the US Senate vote to expel him? (New Jersey Only)

	Total	Democrat	Independent	Republican
Yes	71%	59%	74%	88%
No	15%	27%	10%	5%

Blue State Summary

More than 6 in 10 Blue State voters are dissatisfied with the current tax code, and a plurality of all voters in these states (41%) would be more likely to vote for their member of congress if they voted for a *tax reform plan that eliminates the deduction for state and local taxes*. A plurality of all voters in these states (43%) would also be less likely to vote for their member of congress *if they voted AGAINST a plan that cut taxes for the middle class?*