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ECONOMY

Patrick Galleher: The 2018 tax cuts go to work

By Patrick Galleher Mar 31, 2018



President Donald Trump celebrated passage of tax reform, at the White House in December. The long-term winner may be the U.S. economy.

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By Patrick Galleher

We're barely into the first quarter of 2018 and America is having a breakout year. And a large share of the credit goes to the new tax code. Its big-time cuts to taxpayer bills will deliver a stimulus to the economy this year and beyond.

Consider this: Most Americans agree the new tax code delivers the right relief at the right time. Across the country, surveys show swings of as much as 26 points in the share of Americans concluding their tax bill will go down thanks to the tax cuts. That's even true in states bombarded by the most negative partisan messaging.

After all, as the experts confirm, 90 percent of middle-class taxpayers will see tax savings this year, with 80 percent of all taxpayers receiving an average of \$2,100 in relief. And Americans know the benefits go beyond tax savings because the new code ensures job-creators can reinvest their earnings and grow the economy for all.

With every passing week, enthusiasm for the new tax code has risen higher and higher. Despite spending December as a partisan punching bag, the tax bill has gained popular support since becoming law as businesses, customers, employees, and families have seen its real-world benefits. Rapid double-digit growth in support is now swelling, equating to majority support for the new code.

Keep in mind, there's still plenty of room to grow. Today's numbers don't yet reflect the impact of the tax savings kicking in early this year as a result of less federal tax withholding. And they don't reflect the surge of productivity and prosperity our small businesses will contribute once the benefits of their investment and growth take effect.

However, many small firms across the country have already started to raise wages based on projected gains in revenue. Just look at Nexus Services in Verona, where all employees have already received a 5 percent raise. And down the coast in Florida, Joseph's Lite Cookies distributed raises upwards of \$4,200 dollars!

These dramatic results arise from the huge swing in tax savings American small businesses have experienced this year.

Under the old code, many small businesses lost up to 40 percent of their profits just to federal tax, excluding the dispiriting costs of tax preparation, compliance, and additional taxes paid to state and local governments.

Today under Republicans' tax cuts, a newly established 20 percent deduction gives job creators the exact resources they need to grow their small businesses. From my many years of job-creating experience, I know that tax cuts build the steady, solid growth necessary for my company, my team, and my community to flourish.

And with so much of Virginia's economy powered by small business, I know it's best for my state, too. We've got 47 percent of our private sector workforce employed by more than 706,000 small businesses. In fact, small businesses make up over 99 percent of all businesses in the state.

And if you think that's impressive, you should see how many states share similar numbers. Small business is called the backbone of the U.S. economy for good reason. Economists are doing the math, and they're in agreement: Thanks to the prosperity unleashed by the new tax cuts, we're looking at year-over-year growth. By some estimates, it could rise as high as 4 percent annually.

We haven't seen a performance like that since the dot-com days. But unlike the early 2000s, this time, our growth is driven by hard work and good judgment — not wild speculation. Thanks to the right tax cuts and the right attitude, America's entering a well-deserved new era of justified optimism.

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