

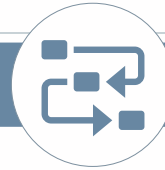
Americans for Tax Reform

June 2021 Qualitative Research Report
Federal Taxes and Spending



About the June 2021 Americans for Tax Reform Qualitative Research

Methodology:



This research was conducted online and in-person within the United States from June 17-23 among registered voters by HarrisX. Six in-depth interviews (IDIs) were conducted, and two focus groups were held in Richmond, Virginia.

Qualitative research is intended to help us understand how voters think and talk about subjects individually and within groups, which may not be necessarily representative of the broader voter population but are directionally valid.

The composition of the participants are as follows:



26

Registered Voters



Representation

Mix of age, gender, race, education, political affiliation, marital status, household income, and occupation

In-Depth Interview Participants

| Name | Age | Gender | Race | Education | Marital Status | Political Affiliation | HHI | Occupation | Date |
|----------|-----|--------|----------|-----------|----------------|-----------------------|----------|-----------------|---------|
| Anthony | 36 | Male | Black/PR | SC | Married | Democrat | 75-100k | Exec. Assistant | June 17 |
| Sharonda | 36 | Female | Black | PG | Married | Democrat | >150k | Project Manager | June 18 |
| Donnell | 44 | Male | Black | SC | Married | Independent | >150k | Business Owner | June 21 |
| Josh | 32 | Male | White | PG | Married | Independent | >150k | Accounting | June 18 |
| John | 59 | Male | White | CG | Married | Republican | >150k | Project Manager | June 17 |
| Missy | 55 | Female | White | SC | Married | Republican | 125-150k | Office Manager | June 18 |

All interviews conducted online

Focus Group Participants – June 23 at 5:30pm

| Name | Age | Gender | Race | Education | Marital Status | Political Affiliation | HHI | Occupation |
|----------|-----|--------|-------|-----------|----------------|-----------------------|----------|--------------------|
| Bennie | 45 | Male | Black | CG | Single | Democrat | 50-75k | Counseling |
| Map | 48 | Male | Asian | SC | Married | Independent | 100k | Hilton F&B Mgr. |
| Kathleen | 71 | Female | White | SC | Married | Independent | 100-125k | Retired |
| Bryan | 35 | Male | White | PG | Married | Republican | >150k | Blood Bank Mgr. |
| Gunter | 26 | Male | White | CG | Single | Independent | N/A | Project Manager |
| Danny | 61 | Male | White | SC | Divorced | Republican | 75-100k | Insurance Co. Mgr. |
| Rachelle | 40 | Female | Black | PG | Married | Democrat | >150k | Bank Risk Manager |
| Robin | 48 | Female | White | HS | Divorced | Republican | 75-100k | Verizon |
| Pat | 62 | Female | Black | PG | Widowed | Democrat | 50-65k | Admin. Assistant |
| Kimberly | 44 | Female | White | PG | Divorced | Republican | 60-75k | Grant Adm. (VCU) |

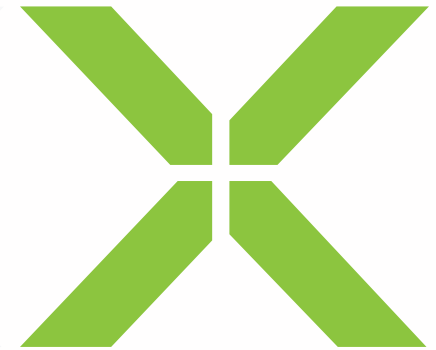
Listed from the left around the table to the right

Focus Group Participants – June 23 at 7:30pm

| Name | Age | Gender | Race | Education | Marital Status | Political Affiliation | HHI | Occupation |
|-----------|-----|--------|----------|-----------|----------------|-----------------------|----------|----------------------|
| Tracyee | 44 | Female | AA | PG | Married | Democrat | 75-100k | Teacher |
| Jake | 44 | Male | White | CG | Married | Republican | 125-150k | QA Manager |
| Doug | 70 | Male | White | SC | Married | Republican | 50-75k | Retired |
| Elizabeth | 66 | Female | Hispanic | PG | Divorced | Independent | 60-75k | Teacher |
| Keith | 55 | Male | White | HS | N/A | Republican | 50-60k | Information tech. |
| Jeffery | 67 | Male | White | CG | N/A | Independent | 125-150k | Pharma sales |
| Michael | 45 | Male | AA | CG | Married | Democrat | >150k | Graphic des. mgr. |
| Jennifer | 47 | Female | White | CG | Married | Republican | 75-100k | HR |
| Lauren | 51 | Female | White | CG | Married | Independent | 125-150k | PT - United Airlines |

Listed from the left around the table to the right

Executive Summary



Executive Summary



Raising taxes on small businesses and larger corporations hurts everyone. Working families pay for increases in taxes on small business or large corporations in higher costs for goods and services, reduced economic opportunity, and lower retirement account performance.



Tax fairness and fair share are empty phrases. Messaging on tax fairness means little to those who know that wealthy individuals and corporations have better accountants and lawyers than they do and can escape the tax rates they pay; more open to fairness through enforcement.



Voters are more concerned about government spending. Voters are open to new infrastructure spending only within the traditional definition, wary of increased federal budgets overall vs. levels pre-COVID, and their patience with increased UI benefit abuse is at a breaking point.



A minimum global tax rate on corporations won't work. Voters understand the intent behind a minimum global tax rate on corporations, but they believe countries are so different they need to do what's right for their citizens and most developed countries would cheat, anyway.

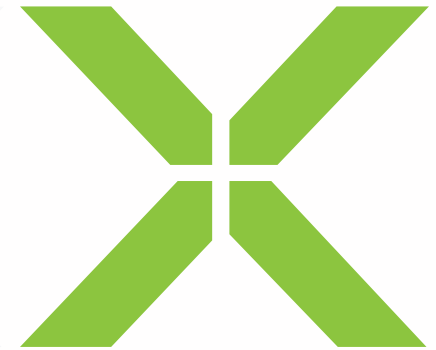


Voters don't believe Biden will keep his promises on taxes. Most voters didn't have a clear sense of what President Biden's pledge to not tax anyone under \$400,000 would mean, and they think he won't keep his promise because of increased spending; it doesn't add up..



Few trust the IRS with their personal data and are wary of increased audits. Voters do not believe the IRS has enough expertise to keep their personal and financial information away from hackers and think adding 87,000 new enforcement agents is way too many.

Detailed Findings



Raising taxes on small businesses and large corporations hurts everyone

- Working families lose when taxes are raised because the increased costs are passed along to them in increased prices for goods and services and fewer job opportunities.
- Wealthier participants said they would lose because they would get smaller bonuses from their companies.
- Economy-dependent voters worried that increased taxes might impact the ability to keep their job, while those who were not as sensitive to the economy felt shielded from any direct job impacts.
- Some felt that the performance of their retirement accounts would be hurt by increased taxes, particularly on large publicly-held corporations while others said the impact would smooth out over time.

Small businesses would either close or there would be little separation between their social life and their business.

Sharonda, Democrat



Large corporations are always going to make money. They utilize the tax laws. They know how to shelter money.

Jeffery, Independent



They're not gonna eat it (higher taxes).

Doug, Republican



If [higher taxes] is not passed on to the consumer it'll be felt by the employees, who will not see increases [in wages].

Lauren, Independent



Worse, because they would be less likely to match your [retirement accounts].

Bennie, Democrat



I think [prices] would increase significantly. The money paid in taxes has to come from somewhere.

Josh, Independent



They'll get rid of higher paying jobs and hire [replacements] at lower [wages].

Robin, Republican



I think it would lessen economic opportunity. Prices would go up; the workforce will be more challenging to find.

Lauren, Independent



Messages that work

- Raising taxes hurts corporations but it hurts small businesses even more.
- The rich and large corporations have accountants who can help shield themselves from higher taxes.
- Raising taxes hurts those who are most vulnerable.



You raise taxes [small businesses and large corporations] are not just going to eat that cost. They gotta make money somehow.

- Michael, Democrat



Or just leave altogether and go to China where labor is cheaper, and laws don't matter.

- Tracyee, Democrat

Tax fairness and fair share are empty phrases

- The phrases are too political and inside-the-beltway for the voters we interviewed. They don't resonate *but* they do want the system to be fair for everyone, which includes no double-taxation on capital gains or taxes on assets passed upon death.
- Most voters defined fairness as small business and larger companies paying a tax burden around what they pay themselves
- Voters believe that most small businesses and larger companies take deductions fairly and do not fault them for doing so as they are legal. They don't believe it is fair to tax specific industries unless they have a negative impact, like on the environment.
- However, voters who are married and own assets believe the tax code is so complicated that they cannot take advantage of their own tax situations without software or hired accounting help. Most who reported shifting from doing their taxes alone to working with a professional saw higher tax refunds.

I get frustrated when I have to pay on stocks that I've bought when I haven't realized that money. I have to still pay, but what happens when that goes down? I don't get a benefit because it goes down.

Rachelle, Democrat



I'm not good at math. For me, [the tax code] is too confusing. I don't know how to figure out deductions here and there. My accountant does. I am not an expert in taxes.

Anthony, Democrat



No [taxes on specific industries], because you are punishing the employees.

Name, Republican



I think it's important to incentivize charity because not everyone is as nice as you, Map.

Gunter, Independent



[On the death tax] I'm sure that taxes were some of the stress that led to your demise in the first place. They're going to tax you on taking you out?

Bennie, Democrat



We would probably do our own [taxes] if we could understand them.

Kathleen, Independent



I think everyone needs to pay taxes, but I don't think successful businesses need to be penalized for being successful.

John, Republican



I do think the higher income individuals should be paying roughly the same tax rate that I am and roughly the same that corporations pay.

Josh, Independent



Messages that work

- Voters believe fairness is everyone paying taxes; they're suspicious of buzzwords like fair share.
- Double-taxation is not fair, which includes being taxed twice on capital gains or on assets after someone dies.
- Taxing specific industries is generally not fair, unless the companies are polluting the environment.



I don't like the euphemism fair share and what is fair share? Who is to say what is fair share? I say look at the definitions because there's a smokescreen a lot of times.

- Elizabeth, Independent



For the oil industry? Yes. They've been very environmentally sloppy. I mean it needs to be a punishment at this point.

- Tracyee, Democrat

Voters are more concerned about government spending

- Regardless of party affiliation, most voters believed that the problem with the federal budget is not on taxes but on inefficient government spending.
- Most wanted to see the federal budget return to pre-pandemic levels, particularly on unemployment insurance, as many had stories of people not working because they were paid more to stay home.
- Voters support core infrastructure investments for roads, bridges, rail, airports, and even broadband, but generally reject broader investments in social spending.

I know so many people who are getting paid more money by unemployment than from the job they had before the pandemic. Why go back to work?

Sharonda, Democrat



I think we've spent all we need to spend [on the pandemic]. We don't need to spend more now than we did.

Missy, Republican



Very little is going to the transportation part [of the infrastructure plan].

Danny, Republican



Regardless of the amount [spent on infrastructure] money is going to be wasted.

Donnell, Independent



I don't agree with spending past your budget. If you spend past what you're bringing in, you're in trouble.

Michael, Democrat



Only one person, a Republican, raised his hand when asked if they were watching the infrastructure debate in Washington closely.

Group 1



I think there's plenty of money to go around, plenty of tax money. It's not appropriated properly, a lot of misuse. A normal person in debt wouldn't continue to spend frivolously.

Jake, Republican



We should be incentivizing companies to help get employees back to work. Even in the airlines we can't get people back to work.

Lauren, Independent



Messages that work

- Support for higher spending on infrastructure depends on if people see it where they live or work.
- Support for higher spending on infrastructure drops when the tradeoff is higher taxes.
- The federal government should revert to spending what it did before the pandemic.
- It is time to rollback unemployment benefits because it is incentivizing taking free money instead of working.



*We want to build bridges. We want to build roads.
We don't want this other stuff attached to it.*

- Jeffery, Independent



*People are staying home because they're making
more money than going back to work.*

- Keith, Republican

A minimum global tax rate on corporations won't work

- A global floor for business taxes is a loser because few believed it was fair or that other countries would enforce it.
- Most voters do not have a framework for understanding if the United States has a higher, lower, or about the same tax burden for corporations than other nations or if others incentivize their businesses to work in other countries.
- On the one hand they recognize that some countries like China and Japan have an advantage over the United States in manufacturing and selling goods and services.
- But they prefer tax structures that fostered competition rather than unenforceable global tax rates on corporations.

What about those countries that are underdeveloped? There's no way [a global minimum tax rate on corporations] could work.

Tracyee, Democrat



[A] 24% [minimum corporate tax rate] would seem like a lot more to Indonesia than it would to Japan ... I don't think countries would play by the same rules. Not all countries practice the same form of government.

Map, Independent



Other countries are going to do what's best for them. Some would [pay the global minimum corporate tax], because of mutual interest with the United States. Most would not.

John, Republican



I think it's more important to maintain competitiveness [than focusing on equitable global taxing].

Lauren, Independent



But is [a global minimum tax on corporations] really fair? We just said it's fair. I don't know if is fair, other countries are working under different conditions. We don't know.

Bennie, Democrat



I think [global] competition is good.

Donnell, Independent



I have no idea what other countries' tax rates are. (The rest of Group 2 agreed)

Keith, Republican



I think that other countries should be able to do what they want. I think fair is not always a good term to be using.

Josh, Independent



Messages that work

- A global minimum corporate tax rate won't work because countries will do what is in their best interest.
- The international environment is challenging with countries like China, that have manufacturing advantages over the United States.
- Voters believe it is more important to focus on increasing our competitive advantages than global tax equity.



Every country has their own way of doing things and they're not going to do it just because the United States says to do it.

- Kathleen, Independent



Competition keeps the prices down.

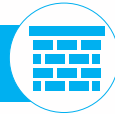
- Map, Independent

Voters don't believe Biden will keep his promises on taxes

- Few voters could pin down what President Biden means by his promise to not raise taxes on anyone making less than \$400,000, in part because they don't believe it.
- There is a general belief that Biden will break his tax pledge because the programs he is proposing cost too much and will require increasing taxes more broadly.
- Some voters said that Biden will not be able to hold the line on taxes because of the broader infrastructure spending aside from how it is traditionally defined.
- Others lament that increased taxes just means more wasteful spending on things that don't directly benefit them.

I think he'd like to do it, but I don't think it will happen.

Pat, Democrat



I'm just thinking, where do you get that number \$400,000?

Map, Independent



[What does Biden mean?] It means they're going to raise taxes on people over \$400,000.

Robin, Republican



[Moderator:] Do you think to pay for this infrastructure spending that taxes will need to be raised?

"I do"

Donnell, Independent



This is an algebraic equation. Though output is we need a zillion dollars. We need too many things, and we spend too much money.

Rochelle, Democrat



No hands raised when asked if they believe Biden will keep the pledge not to raise taxes on anyone making less than \$400,000.

Group 1



And there's always things added to the bill. Gotta do this, gotta do this, you know.

Robin, Republican



Everyone laughed when asked if they thought President Biden will keep his promise not to tax anyone making less than \$400,000.

Group 2



Messages that work

- Voters don't believe Joe Biden when he says he will raise taxes only on the very rich.
- Joe Biden will have to break his pledge to not tax rich people to pay for increased spending.
- This is less about trusting or not trusting Joe Biden than it is about numbers not adding up.



I don't know that those words will end up being true if there is tax reform. Everyone else drives these decisions. He could be saying that, but I don't know.

- Josh, Independent



It's not that cut and dried. My cable company said they wouldn't raise my rates but found a way to raise the prices on everything other than the package.

- Missy, Republican

Few trust the IRS with their personal data and are wary of increased audits.

- Although voters dislike the IRS they rate it's performance in the middle of federal agencies (not bottom).
- But voters do not trust the IRS with their data because they don't think they have the expertise to secure it and are now seeing breaches everywhere.
- Voters almost universally dismiss the proposal on the IRS being allowed to tax inflows and outflows of their bank and Venmo accounts.
- Noteworthy: voters do *not* want the IRS to step up enforcement on individuals but on larger corporations. However, they overestimate how much waste, fraud, and abuse there is adding up to unpaid taxes that could be remedied with greater enforcement.
- Voters were broadly supportive of increasing IRS customer service staff who interact with them but reject increasing the budget by \$80 billion and adding 87,000 new IRS agents is too much.

The IRS is really good at at getting money from us. I think they're terrible at getting money from corporations.

Tracyee, Democrat



[More money for the IRS] So they can come audit us?

Elizabeth, Independent



[The IRS] is not invincible. They're just as vulnerable as any other big corporation.

Missy, Republican



*[Moderator] Do you trust the IRS with your personal and financial information?
[Everyone together] "No"*

Group 2



I don't want to fail [the IRS] so I'll give them a D-, a lot of room for improvement.

Bennie, Democrat



Why does the tax code have to be so complicated? The Internal Revenue Service can't even run their own department. Nothing should be that complicated. You call three people and get three different answers.

Jeffery, Independent



I'm waiting three months for my return that was electronically filed. There is no number known to man that you can get someone at the IRS. It is all automated.

Doug, Republican



They should hire more phone operators to help you, not make you feel like you're going to get audited.

Lauren, Independent



Messages that work

- The IRS isn't up to handle modern threats to information security.
- The IRS doesn't need more money or 87,000 more enforcement agents to target individual taxpayers. They need to better spend the budget they have.
- Voters want the IRS to be more accessible to taxpayers and help them understand the tax code better.



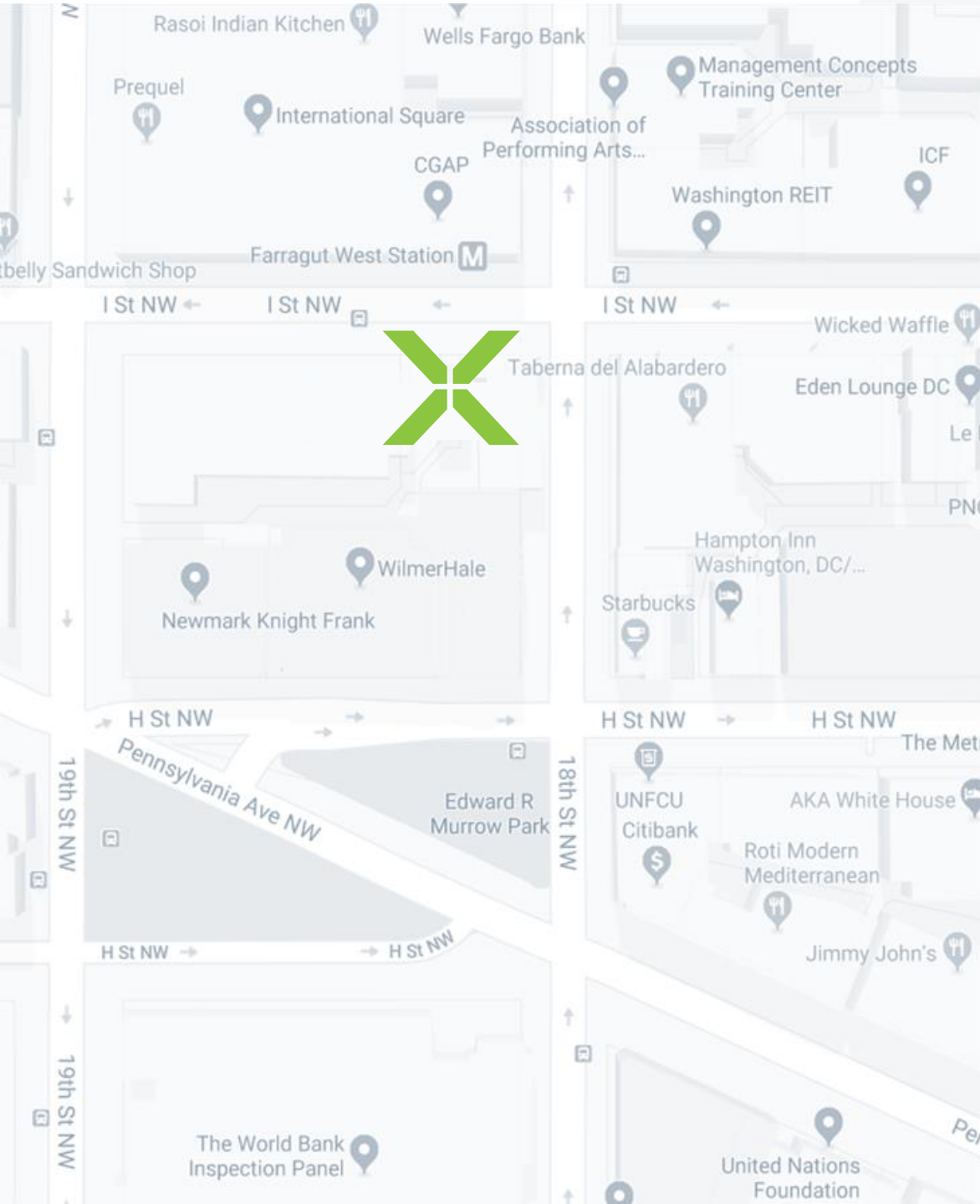
It's easier to fight with the layman than to fight with a corporation. They're not going to audit them like they audit us. They're not going to bother them like they bother us. It's easier to get the money from you than from them.

- Traycee, Democrat







If it's just a general question [of increasing the IRS budget by \$80B] most of us are going to say no because we don't want to get audited.

- Lauren, Independent



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