NCPA NATIONAL CENTER FOR POLICY ANALYSIS

News Release

for immediate release

CONTACT: Catherine Daniell (972) 308-6479 catherine.daniell@ncpa.org

LOWER CORPORATE INCOME TAXES = STRONGER JOBS MARKET
Hiking Corporate Tax Rate Hurts Employees Most: NCPA Study

DALLAS (Sept. 22, 2011) — President Obama and Congress should consult with workers before raising corporate income taxes, according to a new National Center for Policy Analysis (NCPA) study from Senior Fellow Laurence J. Kotlikoff.

"It is workers who ultimately pay for corporate income taxes, in the form of lower wages and fewer employee benefits," said study author and Boston University economist Kotlikoff.

The study shows the U.S. bears one of the highest corporate tax rates of any country, "which encourages overseas investment, reduces demand for U.S. workers, and lowers American wages." Kotlikoff said, "Conversely, high corporate taxes encourage U.S. corporations to invest overseas and discourage foreigners from investing in the United States. This reduces demand for U.S. workers, compared to what it would be if U.S. tax rates were lower."

The most effective way to boost the economy would be to lower, not raise, corporate tax rates as part of a comprehensive, radical tax reform. "If the U.S. cut its corporate income tax rate dramatically, the country would likely experience a huge rise in net domestic investment, which is now running at a postwar low of four percent. This would potentially, raise U.S. workers' wages dramatically – by as much as ten percent," said Kotlikoff.

Text: **Is the Corporate Income Tax Regressive?** *or* http://www.ncpa.org/pdfs/st336.pdf

Editors Note: NCPA Senior Fellow and study author Laurence Kotlikoff is available for interviews.