Business Roundtable

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New CEO Survey: Tax Reform Will Lead to More Jobs and U.S. Investment

Cost of Inaction: America's Leading Employers Say Delay Will Cause Slower Hiring and Growth

Washington – Ninety percent of CEOs responding to a Business Roundtable survey say that delaying tax reform will harm the U.S. economy by causing slower economic growth, hiring and capital investment. Fifty-seven percent of the responding CEOs say delaying tax reform means their company will delay capital spending, the investment that drives jobs and growth. Fifty-six percent say their companies will delay hiring plans.

Successful reform, however, will mean more jobs, investment and growth in the U.S. economy, the survey finds. Eighty-two percent of CEOs say that reform will prompt companies to increase capital spending, and 76 percent will increase hiring, the CEOs report. Seventy-seven percent say reform will improve their company's global competitiveness.

Corporate tax reform is also the best way to accelerate economic growth over the next year, 71 percent of the survey respondents say.

> *"CEOs overwhelmingly believe that tax reform is the most effective way to put more Americans to work in a stronger, growing economy. The Trump Administration's recent release of its tax proposals was a significant step forward as they work with Congress on pro-growth reform legislation. By demonstrating the importance of tax reform to*

business and the U.S. economy, these survey results confirm that tax reform is a critical priority if we are to grow the economy and create jobs and opportunity," said Business Roundtable President & CEO Joshua Bolten.

One hundred and twenty-three CEOs responded to the Business Roundtable survey, conducted between April 12 and April 25.

The survey gauged companies' likely response to tax reform legislation that includes a more competitive corporate tax rate and a territorial-like international tax system. CEOs were asked to assume the most favorable outcome for their company as to whether extensive base broadening or border adjustment taxes are implemented as the primary revenue source to pay for a corporate rate reduction and international tax changes. Business Roundtable has consistently acknowledged that significant revenue raisers, such as the elimination or modification of tax credits and deductions, will be needed to offset the cost of the corporate rate reduction and international tax reforms.

The survey also showed that if tax reform increased the growth rate of U.S. GDP by one percentage point annually over the next five years, more than half of the companies surveyed would increase capital investment more than 5 percent by 2018 (53 percent), and nearly three-quarters of companies would increase employment 1 to 5 percent by 2018 (71 percent).

"The United States faces a once-in-a-generation opportunity to reform our outdated tax system," said Business Roundtable Chairman Jamie Dimon, Chairman and Chief Executive Officer of JPMorgan Chase & Co. "We applaud the efforts of Congress and the Administration to provide competitive business tax rates and modernize our international tax system. Jobs and the economy are at stake. This is an opportunity we must urgently act on."

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Business Roundtable CEO members lead companies with nearly 15 million employees and more than $6 trillion in annual revenues. The combined market capitalization of Business Roundtable member companies is the equivalent of nearly one-quarter of total U.S. stock market capitalization, and Business Roundtable members invest more than $100 billion annually in research and development – equal to 30 percent of U.S. private R&D spending. Our companies pay over $220 billion in dividends to shareholders and generate more than $400 billion in revenues for small and medium-sized businesses annually. Business Roundtable companies also make more than $7 billion a year in charitable contributions. Learn more at BusinessRoundtable.org