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Proposed Federal Tax Increases Will Harm Iowa’s Employers and Employees

New study shows one million jobs will be lost nationwide in the first two years

Proposed tax increases that include increasing the corporate tax rate to 28 percent under consideration in Congress will lead to 1 million job losses in the first two years after implementation and economic harm. That’s [according to a new study released by the National Association of Manufacturers \(NAM\)](#). NAM partnered with Rice University economists, John W. Diamond and George R. Zodrow, to conduct this study.

The study shows repealing tax reform will lead to negative consequences that include:

- 600,000 average jobs lost each year over the next decade
- \$117 billion loss in gross domestic product (GDP) over the first two years
- Investments in equipment and structures would decline by \$80 billion over the first two years
- A reduction of \$662 in wage income per household coupled with an increase of \$686 in transfers per households two years after enactment (assumed in 2021)

“This study published by NAM showing 1 million lost jobs due to the tax increases proposed in the federal infrastructure bill will send Iowa’s economy in the wrong direction,” Mike Ralston, ABI President, said. “Iowa’s manufacturers and businesses are coming out of the pandemic, but this proposed setback will hamper employers’ efforts to help Iowans return to the workforce. It will also hurt Iowa’s economic recovery by costing Iowans jobs and decreasing their wages and benefits.”

The Tax Cuts and Jobs Act of 2017 helped manufacturers add 263,000 jobs nationally – the best year for job creation in manufacturing in just over two decades.

“After decades of advocating for a tax system that provided competitive rates and modern international tax provisions, Iowa manufacturers kept their promises following the enactment of the 2017 tax reforms: raising wages and benefits, hiring more American workers, and investing in their communities,” said NAM President and CEO Jay Timmons. “If we undo those reforms, all of that will be put at significant risk. Iowa manufacturing workers will lose out on jobs, growth and raises. We should be building on that progress, not rolling it back. But the conclusion of this study is inescapable—follow through with tax hikes that give other countries a clear advantage and we’ll see far fewer jobs created in America.”

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