

## Critics of Bradley's Role in 1986 Tax Reforms are Misinformed says CTJ

Lately, some very misinformed people have been mistakenly criticizing Bill Bradley's tax record, in particular his major role in the enactment of the Tax Reform Act of 1986. Citizens for Tax Justice doesn't take sides in political debates—commendably, Vice President Gore also supported the legislation—but we want to set the record straight about the 1986 Tax Reform Act.

The 1986 Tax Reform Act is widely considered to be the best piece of American tax legislation since the adoption of the income tax. Over its first five years, it closed more than \$500 billion in loopholes and tax shelters. As a result:

- # Major U.S. corporations that previously had paid little or nothing in income taxes due to loopholes were put back on the tax rolls, and corporate taxes were increased overall by a net of more \$100 billion over five years.
- # A huge wasteful tax-shelter industry for high-income individuals was shut down.
- # Tax rates on capital gains income were set at the same level as on other income.
- # Millions of moderate-income working families got tax relief through a major expansion of the earned-income tax credit.
- # Taxes on most families (on average, all but the best-off tenth) were reduced. (The table shows the tax changes by income group.)
- # The income tax was substantially simplified for most filers.

Effects of the Tax Reform Act of 1986 (1996 Income Levels)			
Income Group (\$-000)	% of Taxpayers	Average Tax Change	Change as % of Income
Below \$10	18.6%	\$ -15	-0.3%
\$10-20	21.5%	-135	-0.9%
\$20-30	15.8%	-230	-0.9%
\$30-40	11.5%	-215	-0.6%
\$40-50	8.7%	-205	-0.5%
\$50-75	13.2%	-380	-0.6%
\$75-100	5.2%	+155	+0.2%
\$100-200	3.9%	+895	+0.7%
\$200+	1.2%	+9,360	+1.8%

Allied in support of the 1986 reforms were a vast array of public interest groups, labor unions and citizens groups around the country. The act was also highly praised by most economists, because it leveled the playing field for businesses and investments, and made our economy more efficient and productive.

Unsuccessfully opposing the 1986 Tax Reform Act were low- and no-tax corporations, recalcitrant supply-siders and tax-shelter promoters. (Opponents included, for example, Newt Gingrich, Bill Archer and billionaire Donald Trump, who continues to criticize the act for cracking down on abusive real-estate tax shelters.)

“The 1986 Tax Reform Act wasn't perfect, but it was unquestionably a huge victory for tax fairness and economic common sense,” said CTJ director Robert S. McIntyre. “Anyone who states or implies otherwise is misinformed.”