

A Brief History Of Tax Cuts

As the Senate moves forward with its version of the reconciliation bill, we can be sure that Democrats and the media will be characterizing Republican tax policy as “failed policies of the past.” As we saw throughout the legislative process for the Tax Cuts and Jobs Act in 2017, attacks on Republican tax policies were incessant.

Here is a one page tip sheet with a brief history of tax cuts starting with the 1964 Kennedy tax cuts. Source material comes from the Congressional Budget Office, Bureau of Economic Analysis, and Bureau of Labor Statistics.

1.) 1964 Kennedy Tax Cuts

The tax cuts lowered both individual and corporate taxes and produced a 66 percent increase in federal revenues from 1964 to 1969. GDP growth was above 6 percent for the two years after the tax cut was passed. 11.8 million jobs were created (1965-1969).

2.) 1981 Reagan Tax Cuts

These cuts went into full force in 1983. Starting in the second quarter of 1983, the economy grew by 8 percent or more for four straight quarters. Growth was at or above 3.5 percent for seven consecutive years also beginning in 1983. 20.1 million jobs were created (1983-1989).

3.) 1997 Clinton/Republican Congress Tax Cuts

Congress balanced the budget for four straight years following passage. Economic growth was over 4 percent through the year 2000. 8.2 million jobs were created (1998-2000).

4.) 2003 Bush Tax Cuts

By 2007, annual federal revenues had increased by \$786 billion (1.782 trillion in 2003 to 2.568 trillion in 2007) and the deficit had been cut by 57 percent, from \$378 billion to \$161 billion. 7.8 million jobs were created (2004-2007).

5.) 2017 Tax Cuts And Jobs Act

The IRS is still catching up with providing tax return data to assess the impact of the Tax Cuts and Jobs Act. But based on what data is available, federal revenues were up 44% from 2020-2024. After the bill passed in December 2017, GDP for 2018 was 3.0%, the highest since 2005.

Have a good weekend.

David & Myra