

When the Bill Comes

It's hard to argue with lower taxes.

The outline of the proposal by President Trump of his plan to lower personal and business tax rates ought to be heartening. Indeed, the Dow rose in the wake of the rollout of the plan, thin as it was.

The pitch comes at a time when entrepreneurs nationwide are showing a great deal of optimism. Nearly three-quarters of those surveyed by Wells Fargo in a national poll have positive feelings about their financial situation, the highest number since before the Great Recession.

It's not quite as rosy in Los Angeles, where

a Bank of America survey found fewer than half of local entrepreneurs expected this year's revenue figures to beat last year's. Under either scenario, a lower tax bill would be welcome. If things are flush, there is more to keep (or reinvest); if things are tight, every little bit helps.

The plan put forth by the administration would cut the rate paid by businesses to 15 percent and called for just three personal income tax brackets, the highest being 35 percent.

The suggestion from the administration is that the cost of these cuts will be made up for by economic growth and reinvestment. Perhaps.

The administration has promised a huge expenditure on improving the nation's infrastructure, and our region could certainly do with the upgrades and jobs that work would generate.

Whether the lower rates will spur enough economic growth to foot the hefty bill for those expenditures (and all the others we need to make) is where we're asked to put our faith. That's a hard ask.

There's no need to approach this entirely as a theoretical exercise. A couple policy incubators have provided some insights: Kansas and Los Angeles.

Kansas Gov. Sam Brownback passed a plan in 2012 that looks very much like the one Trump has offered up. In the intervening years, the anticipated growth has failed to materialize, the state's deficit has increased, and its credit rating has been cut.

Taxes and regulation in California – and Los Angeles – are indeed a burden, but it's hard to argue they have had the stifling effect of the Kansas cuts. We may lose a business or two to Texas, but Kansas? Nope.

So, yes, reform the tax code – please – but let's proceed with caution, not ideology.

LABJ FORUM

Flush With Success

Gov. Jerry Brown declared California's drought over at the beginning of last month. So the Business Journal asks:

Now that the drought has been declared over, are you continuing conservation efforts?

▶ SIMON A. DAVIS



Chief Executive
Falcon Waterfree
Technologies

Yes, of course, conservation should continue to be a California way of life. As a world leader it is crucial for Californians to continue to lead in innovative thinking and technologies that help build sustainable long-term infrastructure.

▶ DEREK HYDON



President
MaCher

As a certified B corporation, MaCher believes that we have a responsibility to preserve our natural resources no matter the conditions, and we will continue to seek help from others to reduce our consumption both in our business and in our personal lives.

▶ MEREDITH POMINVILLE

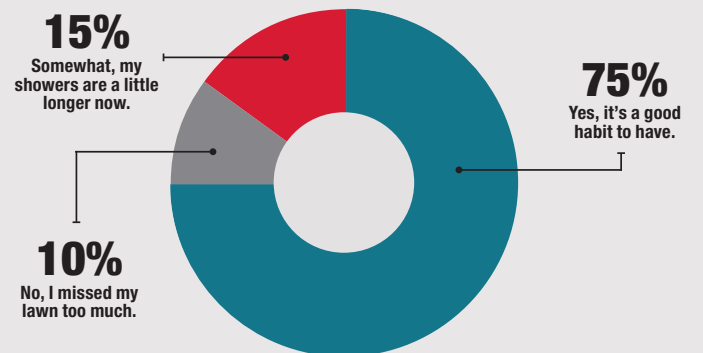


Principal
Charlie M

Our investment in conservation efforts is as much a philosophy as a business model. We have a responsibility as interior designers to anticipate problems that may come up.

LOS ANGELES BUSINESS JOURNAL POLL

Now that the drought has been declared over, are you continuing conservation efforts?



Online results for week ended April 26.

LOS ANGELES BUSINESS JOURNAL®

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