

To: Steve Forbes and Bill DalCol

From: John McLaughlin

Date: March 31, 2017

Re: March National Poll Results – Border Adjustment Tax (BAT)

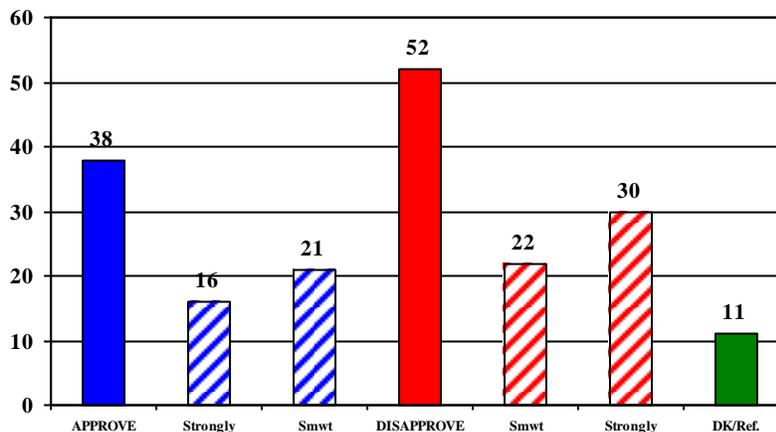
Summary and Analysis: Back in January we surveyed the initial public reaction to the concept of a Border Adjustment Tax, and although it sounds like something that foreigners and not Americans will pay, the Washington Congressional insiders are not fooling anyone.

Back in January our results showed that most voters were opposed to the BAT and then when informed about the BAT's cost and impact on jobs, a bigger majority of six in ten of all voters opposed the BAT.

<http://mclaughlinonline.com/2017/01/19/national-review-online-the-border-tax-is-a-bad-idea/>.

This most recent survey shows that initial opposition among the voters is growing. This month the majority of voters disapprove the BAT 52% to only 38% approve. Back in January the results to this question showed that the plurality disapproved 46% to only 41% approved.

“Do you approve or disapprove of Congress passing a new 20% national sales tax, often called a Border Adjustment Tax, on products like clothes, shoes, household appliances, electronic devices, cell phones, computers, cars, trucks, gasoline and other various materials needed for domestic manufacturing that are imported into the United States?”



Internal analysis shows that the real problem with the Border Adjustment Tax concept is political. Regardless of the economic arguments for and against the BAT, there is great potential that the BAT would do real political damage to the Trump voter coalition and the Republican Party. Enacting the BAT unites opposition to the President and then splits the President's base while being opposed strongly by working class Trump voters. Those Republicans who would advise the President to adopt this policy have no clue how President Trump was elected.

Specifically opposition rises in the Midwest, 56%, and West, 58%, disapprove of the BAT. Working class voters are more likely to oppose the BAT. Among voter households earning less than \$100,000 a year, they disapprove of the BAT 53% to 35%, while the plurality of voter households who earn more than \$100,000 a year barely approve of the BAT 49% to 47%. Voters who think of themselves as middle class oppose the BAT 52% to 40% and those who think of themselves as lower middle class oppose the BAT 58% to 27%.

Ironically, if the Republicans try to pass the BAT it is likely that they will lose their advantage on the issue of taxes to the Democrats. Democrats more strongly disapprove of the BAT 64% to 24%. Independents disapprove 55% to 31%. While 58% of the Republicans approve of the BAT, 36% of all Republicans disapprove of the BAT.

Most important, among the largest issue segment of voters who say that creating jobs is their leading priority, they disapprove of the BAT 61% to only 30% approve. Ironically those voters who want to see economic growth and jobs created as a top priority, they are more strongly opposed to creating the BAT.

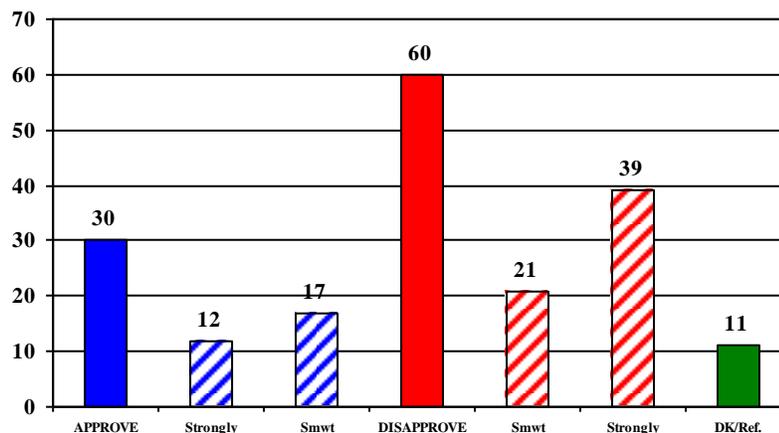
Enacting a BAT splits the President's voter base and will likely reduce the number of voters who approve the job the President is doing. Among those voters who voted for President Trump only 59% support the BAT, but 33% oppose the BAT. Among Clinton voters they disapprove the BAT 69% to 19%. Among those who approve the job the President is doing, only 59% support the BAT while 32% disapprove. In contrast those who disapprove the job the President is doing they overwhelmingly disapprove of the BAT 73% to only 17% approve.

Among those voters who think the economy is getting better, they split with 46% disapprove and 46% approve of the BAT. Those think the economy is getting worse disapprove of the BAT 67%-26%.

The BAT will undermine the outreach the President and the Republicans are doing among minorities and women. Hispanics disapprove of the BAT 53%-41%, African Americans disapprove 66%-18% and women disapprove 55%-31%.

Among the other costs of enacting the BAT, the fact that the BAT will increase the cost of a car, truck or SUV sold in America increases opposition to the BAT to six in ten voters.

“Now, would you approve or disapprove of Congress passing the Border Adjustment Tax if you knew that analysts, associations and experts say the tax could add \$2,000 to \$2,500 to the average cost of a car, truck or SUV sold in the U.S.”



Considering the cost increase to cars and trucks, disapproval of the BAT rises in every region of the country: East 58%, Midwest 64%, South 57% and West 62%. Disapproval rise among voters who cite creating jobs as their top priority to 70%. Democrats disapprove 71%, independents 65% and 42% of Republicans disapprove. Liberals disapprove 69%, moderates 64% and 47% of conservative disapprove. Disapproval of the BAT also rises among middle class voters 60%, lower middle class voters 65%, Hispanics 60%, African Americans 66%, whites 58%, men 55% and women 64%.

When voters are asked about the Border Adjustment Tax, the majority of voters already disapprove of the BAT, and as they learn more about it, the BAT becomes a very unpopular idea that can do real damage to the Republican Party, Republican candidates for Congress and the Trump voter coalition. Regardless of economic and Congressional arguments in favor of creating a Border Adjustment Tax, politically the BAT is a very bad idea.

Methodology:

This survey of 1,000 likely general election voters nationwide was conducted between March 16th – March 20th, 2017. All interviews were conducted online; survey invitations were distributed randomly within predetermined geographic units. These units were structured to correlate with actual voter turnout in a nationwide general election. This poll of 1,000 likely general election voters has an accuracy of +/- 3.1% at a 95% confidence interval. The error margin increases for cross-tabulations.

Demographics:

Party	TOTAL
Republican	33.0
Democrat	36.0
Independent	31.0

Race	TOTAL
Hispanic	11.1
African American	12.1
Asian	4.0
White	71.0

Age	TOTAL
18 – 29	18.9
30 – 40	18.8
41 – 55	26.5
56 – 65	19.6
Over 65	16.2

Gender	TOTAL
Male	47.0
Female	53.0