To Create More Jobs, Lower Corporate Tax Rate

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Tax Day is quickly approaching, which means that the absurdity of America's corporate tax rate is on full display.

At 35 percent, our corporate tax rate is the highest among developed countries. The Land of the Free has a higher corporate tax rate than socialist-run France. This is partially because corporations in this country are looked down upon when, in reality, it's corporations that play a large role in the creation and flourishing of the middle class.

Corporations like CaptiveAire, a manufacturer of commercial kitchen ventilation equipment I founded in 1976 in Raleigh, make an easy target for misguided activists. We have experienced strong financial growth over the years, and it seems to some that we reap too much.

However, what many forget is that our profits are used to invest in new equipment and technologies, increasing value for users and creating new jobs. Recently, we opened our sixth U.S. manufacturing plant and created 50 jobs. We also expanded our service and sales departments, hiring 32 service techs and sales engineers, and we still have trouble keeping up with demand.

Yes, we are a high-growth company, and, yes, we collect the financial rewards, but more importantly we use these results to create American jobs, and many of them. Money earned by the private sector supports job expansion and real income growth for the middle class.

But truth be told, it's not easy. America's corporate tax code is tough on corporations – and the nation's workers. America's high corporate tax rate leads many companies to invest their money elsewhere. When that happens, job opportunities, real wages and economic growth in our country decline – disproportionately hurting the middle class.

Other nations have realized this and addressed their high corporate tax rates – Japan, Canada and Britain are prime examples – and have reaped economic benefits from doing so. This has left America alone as an outlier, meaning that companies park their profits elsewhere rather than bring them home to improve our economic and fiscal situation.

The United States should have a model tax system that attracts companies and entices them to place their headquarters here. Instead, we have a tax code that's unduly burdensome and filled with loopholes – forcing corporations like CaptiveAire to spend resources on accounting when the resources could be going back into employees' pockets. We are not alone. General Electric employs over 1,000 tax lawyers to contend with the complicated tax code.

As a consequence of the status quo, we wind up with "tax inversions" – a technical term to describe a company's decision to take advantage of lower tax rates in a foreign country by basing its headquarters there. Hit especially hard when this swap takes place are the good-paying jobs at corporate headquarters and the additional jobs they support. Cutting the corporate tax rate would keep more good jobs at home.

This is necessary despite a positive trend in the top-line unemployment rate. What that figure doesn't tell you is that more than 7 million Americans on net have actually left the workforce over the past six years, and the labor force participation rate – a key measure of Americans' engagement in the workforce – is at 62.7 percent, the lowest level since 1978.

The current presidential administration may favor "middle class economics" over real economics, but that doesn't mean it's actually better for the middle class, no matter what the name suggests. Now is the time to lower corporate taxes to improve investment, because both political parties already agree the rate is too high.

Private investment is the most important factor in expanded job opportunities and income for middle class Americans. It shouldn't be taxed away at such a high rate.

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