

# Now's the Time to Clean America's Tax Code:

## Adam Michel on the Reforms Needed to Boost Prosperity

*By Joshua Hardman*

Adam Michel (pictured right) was a leading voice for two tax policy wins early in the second Trump administration. Now, with the Tax Cuts and Jobs Act about to expire, he's showing Congress how to enact a pro-growth, permanent overhaul of the tax code.



PHOTOGRAPHY BY RICHIE DOWNS

Seven years is like a lifetime in Congress. President Trump signed the 2017 Tax Cuts and Jobs Act (TCJA) into law late that year, and now that the tax cuts are set to expire in 2025, many of the members of Congress and their staffers who worked on the legislation are gone. But Adam Michel knows we can improve on that law and create a long-lasting, pro-growth tax reform package that will make America's future more prosperous for our children.

Michel, who will soon have a second young child, is the director of tax policy studies at the Cato Institute. He's prepared a host of comprehensive tax reform options for this year's debates to share with his connections in the halls of Congress.

Many policymakers know Michel was a persistent (and at times the only) expert calling for some of this year's most consequential and overlooked tax policy wins.

First, he was one of the loudest and most consistent voices arguing against America's participation in the Global Tax Deal, a new system of extraterritorial taxes coordinated by the Organisation for Economic Co-operation and Development (OECD) to target some of America's most profitable businesses. The OECD's end goal was to proliferate similar "tax harmonization" schemes for personal income and global carbon taxes.

Michel personally briefed dozens of congressional offices about this danger, testified before the House Ways and Means Committee, and helped spur a letter from nine senators to the Senate Appropriations Committee urging a halt to US funding of the OECD project. Then, in a notable departure from the first Trump administration's posture toward the OECD, Trump signed an executive order withdrawing the United States from the Global Tax Deal.





Adam Michel and Veronique de Rugy (right), an adjunct scholar at the Cato Institute and a senior research fellow at the Mercatus Center, spoke to nearly 100 congressional staffers, journalists, and experts at the Rayburn House Office Building in January.

Second, in *Cato's Handbook on Executive Orders and Presidential Directives* (2024), Michel reminded the incoming administration to restore critical oversights of regulations promulgated by the Internal Revenue Service—which ended up being an underappreciated component of President Trump's executive order “Unleashing Prosperity Through Deregulation” (February 6, 2025). The Biden administration had taken away the ability of the regulatory watchdog—the Office of Information and Regulatory Affairs (OIRA)—to send new IRS regulations back for revisions if they did not follow the law or use sound economic analysis. Cato's government affairs team distributed the *Handbook* throughout Washington.

Now, Michel and this team are working in tandem with Romina Boccia, director of budget and entitlement policy, and Chris Edwards, occupant of the Kilts Family Chair in Fiscal Studies, to curb profligate taxing and spending.

This is far from Michel's first congressional rodeo; he served as deputy

staff director for the US Congress's Joint Economic Committee from 2021 to 2023, and he advised policymakers before then as a policy analyst at the Heritage Foundation.

“Unfortunately, unlike in the years before 2017, no coalition of policymakers was doing the hard work of building public consensus around the next tax reform,” Michel tells *Free Society*. He worries that Congress will simply renew the 2017 changes because the political will to enact more reform is fragile, and the legislature's experts are stretched thin.

Knowing what is at stake, Michel has hosted well over 100 private or small-group meetings with staffers from both parties since he joined Cato two years ago. Nearly 500 staffers, policymakers, business leaders, and journalists attended at least one of over a dozen public briefings he's spoken at on Capitol Hill, including “Principles for Tax Reform in the 119th Congress” in January.

American tax policy is, of course, a mess of loopholes, tax credits, deductions, and arcane regulations. So, this year, Michel guided a bipartisan cohort of 26 staffers

from key committees and influential offices enrolled in Cato's Congressional Fellowship Program through the complexities of the tax code and how it should be reformed. He's set a new best practice in turning these in-depth sessions into blog posts he has fittingly dubbed the Cato Tax Boot Camp.

A nation's tax code can tell you what it values. Judging by America's 75,000 pages of tax laws and IRS regulations, it is difficult to see what this nation's goals are besides rewarding effective lobbying. We tax and subsidize private markets in contradictory ways, creating a tangle of incentives that businesses and individuals are hard-pressed to sort through.

Considering this, Michel has three overarching messages for staffers. One, permanent reforms are most important for growth. Two, the tax code needs to be simpler and fairer. Cut taxes broadly and don't create or expand carve-outs for special constituencies, such as by eliminating taxes on tips or increasing the child tax credit. Three, more pro-growth measures, such as reducing the corporate income tax (CIT) rate to 12 percent from 21 percent, are needed in this year's legislation.

To be sure, the ideal CIT is zero. But as is the case in other policy areas, political reality necessitates more gradual improvements so that we can improve people's lives today. A new CIT rate of 15 percent has been floated by members of Congress (and the president), but Michel is encouraging them to think bigger by going down to 12 percent, at least.

Getting these reforms right can seem daunting for congressional staff, given all the other pressures they face. That's where Michel comes in.

“Almost all the meetings Hill staff take are with special interest groups asking for an industry tax credit, an exemption, or a marginal tax reform that will slyly benefit their industry. They're getting pulled in all kinds of directions,” he related, noting that he was in their shoes not so long ago. “So, it's refreshing for staffers when Cato comes in with an intellectually consistent, systematic set of recommendations.”

There's plenty to worry about this year. New tariffs will undercut economic growth (just as they offset some of the TCJA's benefits in 2018 and 2019); tax cuts could be extended for an even shorter period than the TCJA's original duration; and the national debt will continue to grow if spending on entitlement and other programs isn't cut. And, if Congress fails to act and none of the TCJA's reforms are extended, annual taxes will go up by about half a trillion dollars.

In his study “Slashing Tax Rates and Cutting Loopholes,” Michel shows Congress how they can permanently preserve and expand the TCJA by cutting tax rates to near-100-year lows and dramatically simplifying the system. Crucially, he shows how the budgetary effect of the tax rate cuts could be entirely offset by repealing more than \$1 trillion in annual individual and business tax loopholes. His plan also includes other recommendations for supercharging economic growth, such as full expensing for all investments and a repeal of the death tax.

You, too, can enroll in Michel's Tax Boot Camp, so to speak, by reading his Substack, *Liberty Taxed: A Blog on US Tax Policy*. His writing, testimonies, and media appearances can be found at [cato.org](https://cato.org). ♦