

Here is PolitiFact's transcript of a young man posing questions to former Florida Gov. Jeb Bush about taxes at a [town hall](#) in Concord, N.H., on Oct. 14.

**Question from man in audience:** "I heard you talk a lot about like tax reform. I may be incorrect but from my understanding the tax system works so you have the tax brackets. It's a progressive tax rate, correct?"

**A:** "Oh yeah, it's progressive"

**Q:** "But then it ends up being regressive because the capital gains tax rate is less than all the tax rates, and mostly rich people invest in the stock market, so they have less taxable income. So due to that rich people end up paying less taxes, so it ends up being regressive. So it is a two part question is one you are talking a lot about rich people creating jobs ok? ..."

**A:** "I haven't brought that up today, but rich people, people when they have money normally create more jobs than people that don't."

**Q:** "They don't create jobs."

**A:** "Excuse me?"

**Q:** "Rich people don't create jobs right but that doesn't happen -- why? Because rich people invest in the stock market. What are you going to do to incentivize rich people to not invest in the stock market but to actually invest in the economy and create jobs, and two, what specifically are you going to do to close tax holes yes cq. 'tax holes' for rich people? ... You also said poor people can make their own decisions."

**A:** "Yeah, they can."

**Q:** "So I am asking you, one, do you think culture of poverty exists, and if you do not think the culture of poverty exists, then how come the average white family makes a lot more money than the average black family and Latino family, and if there is no culture of poverty, what do you attribute this disparity to?"

**A:** "Let's deal with the poverty. We do have culture of poverty. We have intergenerational poverty for the first time in America. If you are born poor, you are more likely to stay poor than anytime in American history. And there are factors in that. And to assume therefore there is no way for people in poverty to make decisions for themselves self-validates that intergenerational poverty. And I reject that out of hand. If you want to lift people up, you need to give them the power to make choices for themselves rather than trap them in a situation of interdependency and it has nothing to do with race. Nothing at all. It has to do with people being born poor, staying poor, because we have systems on top of them that put lids on their aspirations.

If you want to lift people out of poverty, there are three things that would be helpful: one, allow them to live in safe communities. People in poverty have higher crime rates, it makes it harder

for the community itself to rise up. Two, you need to have stronger families, stronger families matter. And three, you need to make sure that jobs are available. And four, and perhaps most important, you need to revolutionize education so that everybody has a chance to be successful.

On taxes, we do have a progressive tax rate when you consider that the top 1 percent pay 45 percent of all taxes in the country. That is a fairly disproportionate amount. My proposal says we are going to reduce rates for everybody. And if you make \$40,000 or less -- a family of four -- you won't pay any federal income taxes. The middle class will get a 33 percent cut in their rates. So everybody would benefit from this. We would put a cap on, the reason why you may have, the marginal rate may be higher than the effective rate, which is the point you were making right? But whether its capital gains, there are other things as well, is that people of higher income take advantage of interest deductions, they take advantage of charitable deductions. They take advantage of -- not in New Hampshire or Florida -- state and local tax deductions. They take advantage of all the carve outs and special deals, all of which are probably well-intended but the net effect is that it lowers the effective rate for higher income people. My plan puts a cap on that so that you can't deduct all that you could have deducted before.

My plan would eliminate the Warren Buffett story that he says he pays less than his administrative assistant because if you put a cap on those deductions that you get, you would get, you would have the higher rate.

On corporate rates which is where a lot of jobs would be created as well, I'm suggesting going from 35 -- the highest corporate tax rate in industrialized world -- to 20 percent, but allow for full deduction of all capital investing. If you want to create jobs, allow for investing in our own country, eliminate worldwide taxation and eliminate interest deductions so that people that are investing are the ones in the jobs you are talking about are investing in the real economy. They are not investing in the financial markets.

My plan also calls for elimination of the special deduction that private equity firms get or people in business, the so-called 'carried interest,' where they get capital gains rate for their business. They should pay ordinary income like everybody else. So I think the proposal I have laid out identifies some of the good points you bring out. I'm glad you did bring them out."