If President Obama plans to carve out a tax legacy, he should get moving. With just two years left, he doesn't have time to waste.

It's true that presidential second terms can be unusually productive from a tax standpoint (and third terms too, if you're Franklin Roosevelt). The Tax Reform Act of 1986 is only the most obvious example; a more comprehensive list would include the revenue acts of 1917, 1918, 1925, and 1942, as well as the Taxpayer Relief Act of 1997. (That list is sure to raise some eyebrows, but keep in mind that presidents can be important to the tax system without being good for it.)

But the second-term success of some presidents is no cause for complacency. After all, tax reform takes time to incubate. Therefore, in the service of inspiration -- and perhaps consternation -- I've compiled a list of influential tax presidents. It bears repeating: This is not a roster of good tax presidents. It's an assessment of presidential influence on the development of the federal tax system, whether for good or bad. Indeed, given the politicization of tax policy, it's likely that several of these presidents will be judged as both heroes and villains, depending on who's doing the judging.

It's important to remember that 10 is a pretty big number when drawn from a pool of just 44 chief executives. As a result, the gulf separating those at the top from those at the bottom is large.

But now, with caveats out of the way, my list of America's top tax presidents:

**10. George H.W. Bush**

The first President Bush earns his spot for being a pragmatist (or a liar, depending on whether you're Grover Norquist). His famous "No New Taxes" pledge from the 1988 campaign set him up nicely in this regard, solidifying his claim to tough-minded realism in the 1990 budget debate. More substantively, the tax increases that Bush accepted that year -- which focused predominantly on upper-income earners -- were crucial in shifting the course of federal tax policy. They raised real
money in the service of debt reduction, and paved the way for similar increases in 1993 under President Clinton (who is not, incidentally, on this list, despite the importance of the 1997 capital gains rate cut).

Moreover, Bush's reversal on tax policy set Newt Gingrich on the path to greatness. The 1994 GOP tidal wave -- a watershed moment in the party's ideological remaking -- owed as much to Bush's "betrayal" as it did to the Democrats' unpopularity.

Finally, the 1990 tax increase sidelined hopes for additional tax reform in the style of the 1986 act. In particular, it renewed the Republican commitment to the capital gains preference as well as other investment incentives, while it encouraged Democrats to press for still higher marginal rates on the wealthy.

9. John F. Kennedy

President John F. Kennedy gave Democrats of the postwar era a chance to be tax cutters again. Once upon a time, the party had been happy to hand out broad-based tax reductions (especially in the 1920s, when it championed higher exemptions that dramatically narrowed the scope of the income tax). But ever since Franklin Roosevelt cemented the party's commitment to an expanded welfare/warfare state, Democrats had been wed to high taxes generally and high income tax rates in particular.

Kennedy changed all that, embracing elements of what we now call supply-side economics. But it's a mistake, as historian David Shreve has convincingly argued, to lump Kennedy in with the likes of former Treasury Secretary Andrew Mellon and Arthur Laffer. While Kennedy and his advisers recognized the supply-side virtues of marginal rate cuts, they were more inclined to emphasize demand-side effects. "The Revenue Act of 1964 was aimed at the demand, rather than the supply, side of the economy," explained Kennedy economist Arthur Okun.

The Revenue Act of 1964 (which belonged more to Kennedy than it did to President Lyndon Johnson) cut the headline top-bracket rate from 91 percent to 70 percent, while it also reduced the top corporate rate from 52 percent to 48 percent. Democratic tax policy would never be the same again. As historian W. Elliot Brownlee has observed, "Democrats thus assisted the Republican Party in finishing the job it had begun during the 1920s; taking the partisan sting and the redistributional threat out of taxation."

8. William H. Taft

In popular memory, President Taft is best remembered for bathtubs and obesity (the latter having dictated White House installation of a particularly large version of the former). But from a tax perspective, Taft should be remembered as a crucial figure in the creation of the modern income tax. The 16th Amendment was a direct result of Taft's effort to prevent a fracture within the Republican Party, which was home to both ardent fans and bitter enemies of the income tax.

In 1909, with progressive Republicans threatening to join Democrats in passing a new income tax law (thereby flouting the Supreme Court's decision in Pollock), Taft engineered a compromise: In exchange for deferring the enactment of a personal income tax, Republican leaders, as well as the president, would accept a narrow levy on corporate income. Further, GOP leaders agreed to send the states a constitutional amendment clearly establishing Congress's authority to enact a broader income tax. Many Republicans, possibly including Taft, hoped the amendment would fail during the
ratification process. But as it happened, the amendment made its way through the states briskly, making the country (and the Supreme Court) safe for income taxation by 1913.

7. Calvin Coolidge

More than any other president until Ronald Reagan, Calvin Coolidge put taxes at the center of his political career. His ardent support for tax reduction was the defining element of his policy agenda. In many respects, the tax cuts of the 1920s belonged more to Mellon than they did to any of the three presidents who served under him (as the old quip goes). But Coolidge and Mellon were cut from the same cloth, personally as well as ideologically. Both were deeply conservative, convinced that tax reduction was imperative. And both were just as profoundly taciturn. (As Coolidge biographer Amity Shlaes has observed, the two were said to have "conversed in pauses.")

The Revenue Act of 1925 was especially significant to the tax system, slashing marginal rates, especially in the top brackets. Having reached a high of 77 percent in 1918, the top rate fell to just 25 percent after 1925. That shift pleased income tax opponents, who excoriated the levy as a burden on the economy. But it also ensured the survival of income taxation by robbing opponents of their best arguments for replacing the levy (possibly with some sort of national sales tax). Coolidge the tax cutter, in other words, turned out to be Coolidge the tax savior.

6. George W. Bush

The second President Bush joins his father on the list, but for very different reasons. If the elder Bush was worried enough about deficits to risk his presidency by raising taxes, his son was famously sanguine about the nation's fiscal future. The tax cuts of 2001 and 2003 were justified, at various times, by the need to eliminate surpluses and the need to jump-start the economy. But whatever their rationale, their effects were profound. "From 2001 to 2004, the president and Congress embraced fiscal policies that were unique in the nation's history," wrote C. Eugene Steuerle in Contemporary U.S. Tax Policy. "The turnaround from surplus to deficit was the greatest in U.S. history for so short a period (with the exception of the Civil and World wars)."

The process of enacting and renewing the Bush tax cuts cemented the new politics of taxation, which prioritized tax relief for middle-income earners above deficit and debt concerns. The tax cuts also expanded the definition of middle class when applied to tax policy, allowing many wealthy (if not superwealthy) Americans to cluster under its protective political umbrella. Further, the renewal debate (which took place principally during the Obama presidency) clarified that "temporary" tax cuts were strictly a phenomenon of arcane budget rules, not a reflection of actual impermanence.

5. Thomas Jefferson

If the American tradition of limited federal government has a patron saint, it might be President Thomas Jefferson. Certainly when it came to taxes, Jefferson thought less was more. In 1802 he made good on a campaign promise to repeal all the internal taxes recently enacted under the Federalist regimes of Presidents George Washington and John Adams. That left tariff revenue at the center of federal finance -- a position it would occupy for most of the 19th century (with the brief exception of the War of 1812 and the Civil War).

Jefferson was not an absolutist when it came to taxes -- he was prepared, in general terms, to acknowledge that exigencies might prompt the return of internal levies. But he was wary of necessity arguments. "War, indeed, and untoward events may change this prospect of things and call for
expenses which imposts could not meet," he wrote in his 1801 annual message to Congress. "But sound principles will not justify our taxing the industry of our fellow citizens to accumulate treasure for wars to happen we know not when, and which might not, perhaps, happen but from the temptations offered by that treasure."

Before too long, war would indeed force the return of internal taxes. But Jefferson's warnings about the temptations of treasure became a fixture of U.S. politics for decades -- and perhaps centuries -- to come.

### 4. George Washington

As noted above, Jefferson's antitax agenda was a reaction to Federalist revenue reforms. Indeed, if Jefferson was the embodiment of antitax ideology, Washington might be the poster child for pro-tax politics, including heavy-handed collection activities. Washington was a statist, through and through. Convinced of the need for a strong federal government, he was particularly committed to a robust taxing power. The Whiskey Rebellion is the most famous case in point. Often remembered (not unreasonably) as an expression of America's antitax tradition, the rebellion is also a cautionary tale for modern-day tax resisters.

In 1794, when discontented farmers in western Pennsylvania staged a rebellion against federal taxes on distilled spirits, Washington responded by mobilizing an army and leading it into the field. His leadership was perhaps more symbolic than substantive; after reviewing the troops on horseback, he dismounted and rode most of the way in a carriage. But the rebels responded prudently, fleeing for their lives in the face of an army larger than anything Washington had commanded during the Revolution.

In victory Washington was generous, pardoning two ringleaders later convicted of treason. Still, the episode established Washington as the father of the pro-tax tradition in U.S. politics. (Something the Tea Party might keep in mind when claiming the mantle of the Founders.)

### 3. Woodrow Wilson

By itself, enactment of the 1913 income tax would guarantee President Woodrow Wilson a spot on this list. He was an active supporter of the new levy and moved quickly, after ratification of the 16th Amendment, to ensure that Congress translated constitutional authority into legislative reality.

But Wilson's tax achievements in 1913 were actually modest. Neither he nor his fellow Democrats were initially convinced that the income tax would play a central role in federal finance. It took the crisis of World War I to transform a narrow, light, and almost tentative fiscal experiment into a revenue workhorse.

Wilson played a pivotal role in shaping the taxes used to fund the war effort -- so pivotal, in fact, that Elliot Brownlee has called the system the "Wartime Wilsonian Regime." Wilson was instrumental in the rapid expansion of the personal and corporate income taxes during the war, as well as of the enactment of a novel excess profits tax. Together, these fiscal innovations allowed the United States to cover about 30 percent of the war's cost with taxes.

Ultimately, however, it was Wilson's commitment to progressivity that gives him a place near the top of this list. The wartime regime might have targeted lower- and middle-income Americans for heavy taxation, especially in the form of consumption levies. But Wilson insisted on targeting upper-income individuals and large corporations. In *Making the Modern American Fiscal State: Law, Politics, and*
the Rise of Progressive Taxation, 1877-1929, historian and law professor Ajay Mehrotra takes a close look at these policies and comes away impressed: "His bold leadership during the Great War paved the way for a dramatic shift in national receipts away from the tariff and regressive excise taxes to the rise of progressive income and business profits taxes."

2. Franklin D. Roosevelt

If longevity were the only measure of importance, President Franklin Roosevelt would own the top spot in this ranking. To this day, the tax system devised during World War II -- which was itself shaped by the tax reforms of the New Deal -- remains the foundation of federal finance. World War II remade the individual income tax. Lawmakers reduced exemptions and raised rates, transforming a narrow "class tax" into a broader "mass tax." Millions of previously exempt Americans joined the tax rolls, making the income tax a revenue workhorse, as well as a touchstone of U.S. citizenship.

Roosevelt played a crucial role in that transformation, chiefly by opposing the most plausible alternative: a national sales tax. Indeed, as FDR's own tax guru, Randolph Paul, later observed, the most striking aspect of wartime finance was not the presence of a mass income tax but the absence of any broad-based consumption levy. And that absence had staying power -- contemporary resistance to value added taxation owes much to Republican antitax ideology, but it also stems from Roosevelt's implacable opposition to general sales taxation.

But Roosevelt's influence doesn't stop there. He was almost single-handedly responsible for the Social Security payroll tax, which many social insurance experts considered self-defeating. (Why guarantee middle-income earners economic security by taxing middle-income earners?) But FDR insisted that the payroll tax would protect Social Security from its political opponents by giving Americans a sense of ownership in the program and its benefits. And he was right.

1. Ronald Reagan

To probably no one's surprise, President Ronald Reagan claims the title in this ranking of America's top tax presidents. It's a close call, with both FDR and Wilson plausible alternatives. But Reagan wins for versatility. In legislative terms, his presidency was marked by both a spectacular tax reduction and a historically unique tax reform. Even more important, Reagan was both the creator and the expression of a powerful antitax strain in U.S. political culture.

It's tempting to hang Reagan's title on the mantle of tax reform. The 1986 law was historically unprecedented -- much more ambitious and successful than previous efforts to repair and rejuvenate the income tax. It was the high-water mark for a particular version of tax reform, characterized by the pairing of rate reduction and base expansion. This definition seems obvious to modern-day tax experts; it can be hard to imagine any other approach that bears the designation "tax reform." But in fact, tax reform used to mean something different. Or, more precisely, several different things, including wholesale tax reduction (in the 1920s, for instance) and progressive redistribution of the tax burden (in the 1910s and 1930s).

The 1986 version of tax reform had a long pedigree, reaching back to the late 1930s. But its development and legislative expression were historically contingent, a project of the professional tax
policy community that grew up around the modern income tax. Reagan gave this version of tax reform -- and its supporters -- a shining moment in the sun.

Tax reform, however, was only a part of Reagan's tax legacy, and not the most important. More enduring was the tax reduction of 1981, and especially its requirement that tax brackets be indexed for inflation. "The major individual tax reform instituted in 1981 was not the direct reduction in tax rates but the indexing of tax brackets," noted Steuerle. "It has dramatically altered tax legislation ever since." Reagan's White House chief of staff, Donald Regan, offered a different but also memorable assessment. "My favorite part of the tax bill is the indexing provision -- it takes the sand out of Congress's sandbox," he gloated.

Ultimately, however, even the indexing provision doesn't win Reagan the top spot in this ranking. It's something more amorphous but more powerful: Reagan's status as a political symbol. More than any other politician in late-20th-century U.S. politics, Reagan changed the national conversation about tax policy. He was not, of course, the first politician to attack the New Deal/World War II tax regime. But he was the most successful, and his victories reshaped national politics generally and intra-Republican politics in particular. Conservatism after Reagan was organized around tax reduction, in conjunction with conservative social policies. Even though Reagan's actual tax record included a series of tax increases, his political legacy was defined by 1981 cuts.

Reagan, then, wins for being a symbol and a standard bearer -- the living embodiment of tax reduction and the inspiration for Republican tax cutters everywhere.

Tax Analysts Information

**Jurisdiction:** United States

**Subject Areas:** Personnel, people, biographies  
Individual income taxation  
Tax policy  
Tax history

**Magazine Citation:** Tax Notes, Dec. 22, 2014, p. 1303; 145 Tax Notes 1303 (Dec. 22, 2014)

**Author:** Joseph J. Thorndike

**Institutional Author:** Tax Analysts

**Tax Analysts Document Number:** Doc 2014-29907

**Tax Analysts Electronic Citation:** 2014 TNT 245-1

---

**Read Comment (1)**

**Martin Solomon**  December 22, 2014 at 8:55 AM

I was very surprised that Mr. Thorndike failed to mentioned the large increase in depreciation deductions and the investment tax credit which President Kennedy championed early on. These reflected his belief in Keynesian economics and the multiplier effect.