



# FORTEM

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There has been a lot of noise from Washington that the new tax plan is a bad idea and that it will hurt the average American. Many are saying it will only benefit big businesses and the top 1% of wage earners. As you know, when it comes to investing, we follow the data, striving to be politically agnostic and dispassionate about the headlines. So what is the data saying? Since the passage of the Tax Cuts and Jobs Act, one of our research partners, Strategas, has identified 154 companies (and counting) that have publicly announced that because of the passage of the tax bill, they are increasing benefits, raising wages, and/or giving broad based employee bonuses. We are confident there will be additional companies making similar announcements over the coming weeks and months. Why? Because the corporate tax cut provides a wide-based benefit to US businesses, and with the unemployment rate where it is today, workers will begin moving to businesses that offer better wages and benefits.

While it has only been a few weeks, the initial data around wages and benefits seems to suggest the bill doing what it was expected to do - benefit the vast majority of Americans and stimulate the American economy. In addition to the wage and benefits data, we are also seeing announcements regarding companies bringing money back to the US from overseas and making commitments to increase capital expenditures, which will create more jobs and should help push wages higher. We are not suggesting that it's possible to grade the recently passed bill yet, as only after time will we be able to evaluate the full impact, but the initial data looks better than many seemed to believe it would.

Although it may seem like a small detail, we believe part of the rapid corporate response to the current tax bill is because the tax plan is permanent (at least until congress passes a new bill - and we all know how long that can take). The importance of a permanent tax plan is that business can make long-term plans (like building new facilities and increasing their workforce). The temporary tax plans congress has passed over the last few decades left businesses with a high level of uncertainty, and perhaps that may account for some of the lack of capital expenditure and improvement domestically.

To highlight one company's announcement last week, let's take a look at some headlines we saw on Apple:

**Apple (NASDAQ:AAPL) plans to contribute more than \$350B to the U.S. economy over the next five years and hire 20K additional workers.**

The total doesn't include ongoing tax payments, the tax revenues from employees' wages, or the sale of Apple products.



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**Planned U.S. capital expenditures, investments in manufacturing, and a record tax payment on repatriation of overseas cash will account for \$75B of the company's direct contribution.**

**Apple anticipates \$38B in repatriation tax payments and \$30B in capital expenditures. Over \$10B of the latter will go towards data center investments.**

**Apple also increases the size of its Advanced Manufacturing Fund it established last year from \$1B to \$5B.**

Below, we have included a list of the companies that we are aware of that have already announced their intentions to pass on the tax savings to their employees. They will give much needed pay raises and/or increase corporate contributions to employee benefit plans (401k, Profit Sharing, Health Insurance). Many have also announced investment in new facilities and upgrades to their current facilities, and as well as increases in new employee hiring to be implemented over the next few years.



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## WE COUNT 154 COMPANIES PROVIDING A \$1.5BN INCOME BOOST FOR MORE THAN 2 MILLION EMPLOYEES

Companies Boosting Bonuses, Raising Wages, and Increasing Benefits Since Tax Reform Passed			
AT&T	BancorpSouth Bank	Colling Pest Solutions	Fiat Chrysler
AAON	Bank of Advance	Comcast	Fifth Third Bancorp
AR-15 Gun Owners of America	Bank of America	Comerica	FirstCapital Bank of Texas
AccuWeather	Bank of Colorado	Commerce Bancshares, Inc.	First Farmers Bank and Trust
Advance Financial	Bank of Hawaii	Community Trust Bancorp	First Financial Bancorp
Aflac	Bank of the James	Copperleaf Assisted Living	First Financial Northwest
Alaska Airlines	Bank of the Ozarks	Cornerstone Holdings	First Hawaiian Bank
Amarillo National Bank	Boeing	Dayton T. Brown Inc.	First Horizon National Corp.
Americacollect	Camden National Bank	Delaware Supermarkets Inc.	Five Senses Spa, Salon & Barbership
American Airlines	Canary LLC	Denizens Brewing Company	Flemington Car & Truck
American Bank	Capital One	DePatco, Inc.	Fort Ranch
American Community Bank & Trust	Carl Black Automotive Group	Dime Community Bancshares, Inc.	Gardner Company
American Savings Bank	Central Bank of St. Louis	Eagle Ridge Ranch	Gate City Bank
Anfinson Farm Store	Central Pacific Bank	EastIdahoNews.com	GetFoundFirst.com
Aquesta Financial Holdings	Charlie Bravo Aviation	Eberle Communications	Great Southern Bancorp, Inc.
Associated Bank	Charlotte Pipe and Foundry Company	Elite Roofing Systems (Idaho)	Great Western Bancorp, Inc.
Atlas Air Worldwide	Citizens Bank	Elite Clinical Trials, Inc.	Gulf Coast Bank & Trust Co.
BB&T	Clayton Distillery	Emkay, Inc.	HarborOne Bank
Ball Ventures	Coach, Truck & Tractor, LLC	Ennis Inc.	Harford Alarm Company (MD)
Baltimore Gas & Electric	Cogent Building Group	Express Employment Professionals	Hartford Financial Services Group Inc.



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In summary, when wages rise because of improving economic conditions, there are many more winners than there are losers. Certainly, there are some Americans that will not get tax cuts and will pay more tax because of the new tax plan. However, we believe there will be many more that benefit from the new tax plan through the changes Corporate America is currently putting in place. Some may end up paying more in taxes, but if they do so while making more income in an improving economic environment, that is good for them, and perhaps one could argue the end justifies the means.

We will continue to follow the data, wherever it may take us, and share updates as this unfolds.

#### Disclosures:

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