

An Economic Frame for 2014

*Key findings from quantitative and qualitative research coordinated by
Project New America and conducted on behalf of AFSCME, AFT, NEA and SEIU*

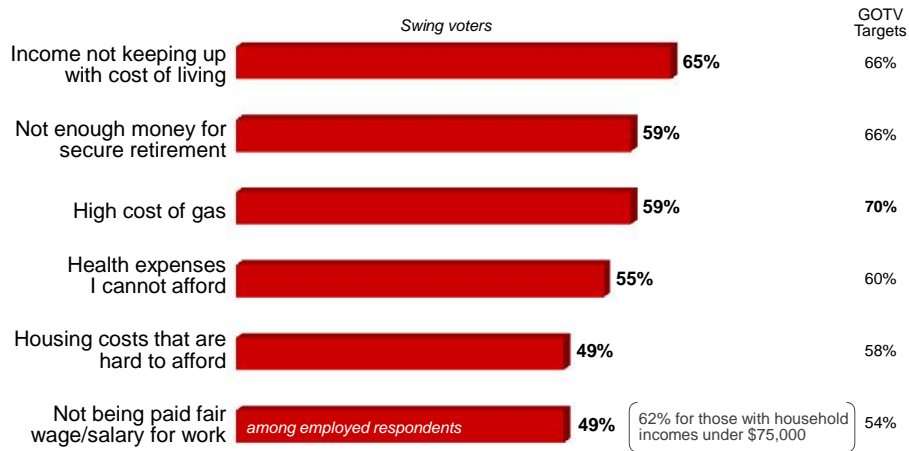


Methodology

- **Phase 1:** Dial groups were conducted among swing voters and GOTV voter populations (Hispanics, African Americans, and whites) in Cleveland, Tampa, and Philadelphia.
- **Phase 2:** Two surveys among GOTV targets and swing voters
 - **GOTV target survey**
 - Telephone survey among 809 GOTV targets nationwide, conducted February 22-27, 2014 (bilingual interviewing for Hispanic respondents)
 - GOTV targets defined as:
 - CPI of 80+ and turnout score of 25 to 60.
 - 80% are midterm drop-off voters, the balance have inconsistent voting records, including new registrants
 - **Swing voter survey**
 - Online survey among 1,011 swing voters nationwide, conducted February 26-March 3, 2014.
 - Respondents who identify as strong Democrats or strong Republicans, or as supporters of the Tea Party, were excluded.

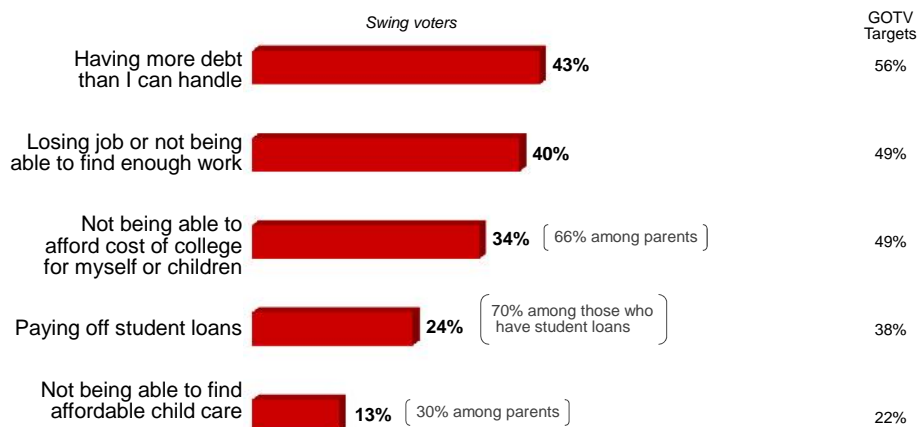
Challenge of Meeting Costs Dominates Voter Concerns

Proportions Saying They Worry Somewhat or Very Often about Each



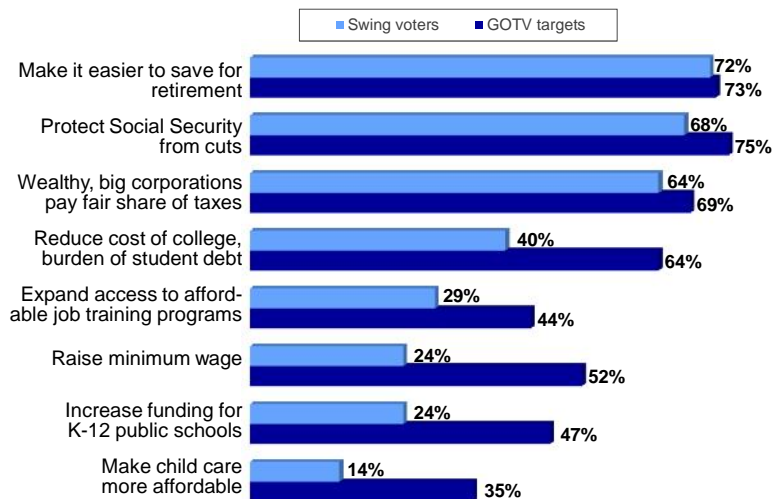
Less Frequent Voter Concerns

Proportions Saying They Worry Somewhat or Very Often about Each



Which Policies Do Voters Believe Will Help Them Personally?

Proportions Saying Each Would Help Them and Their Family



Qualities Voters Are Looking for in Candidates

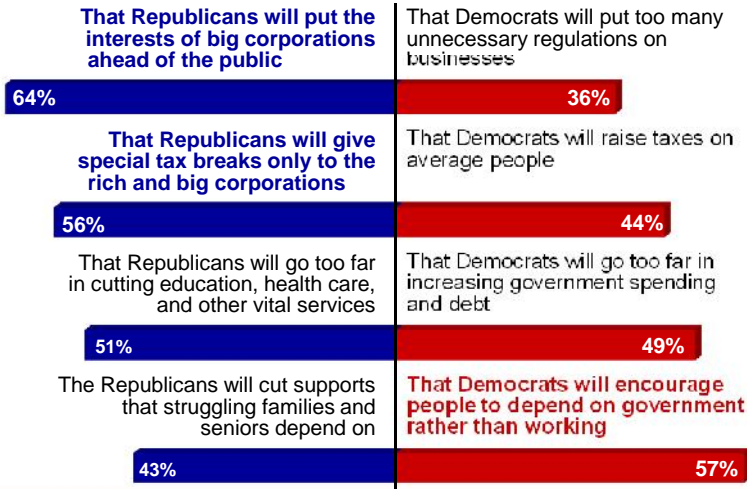
Proportions Saying Each Is Exactly What They Are Looking for in a Candidate*

	Swing voters	GOTV targets
Cares about working people	55%	77%
Really understands the struggles of average people	55%	73%
Sides with working people, not just the big corporations	52%	70%
Sides with working people, not just the wealthy	51%	71%
Willing to stand up to the corporate special interests	49%	63%
Lives like the rest of us, not a wealthy politician	49%	54%
Fights for working people	48%	78%
Wants to give a helping hand to struggling families	35%	68%
Wants to get government off our backs	34%	34%

*9-10 ratings on zero-to-ten scale

Party Negatives: GOP Is Vulnerable To Populist Attack, But Not On Cutting Safety Net

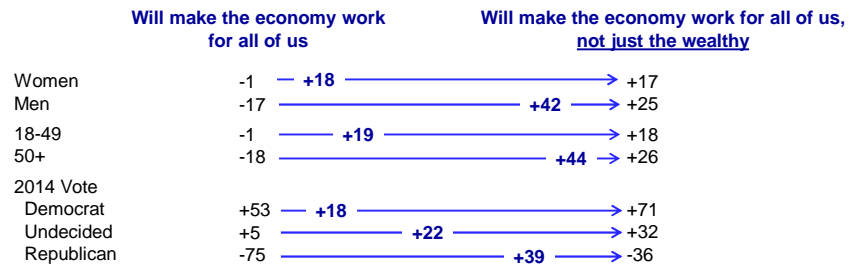
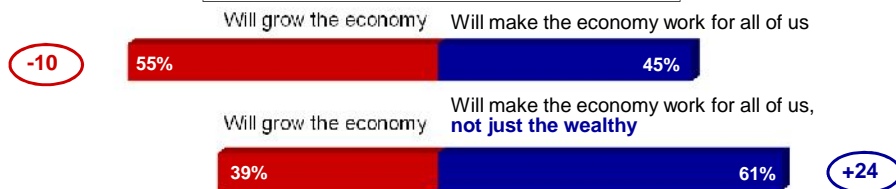
Swing voters: In each pair, which concerns you more?



Populist Language Is Crucial To Making Message Work

Swing voters: Which candidate would you be more likely to support?

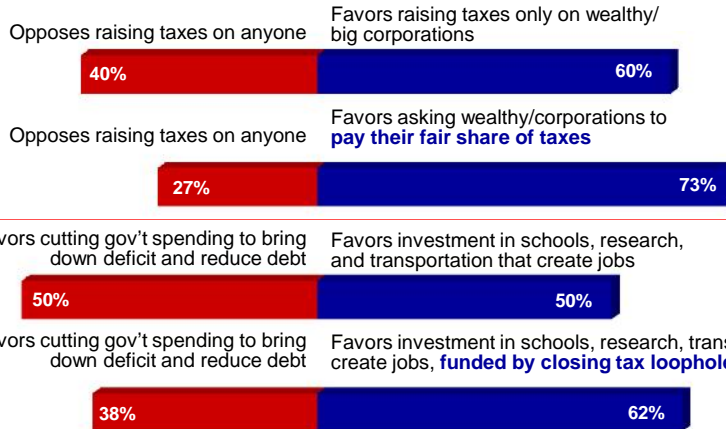
■ Republican candidate ■ Democratic candidate



Tax Fairness Contrasts Give Democrats Big Edge

Swing voters: In each pair, which candidate would you be more likely to support?

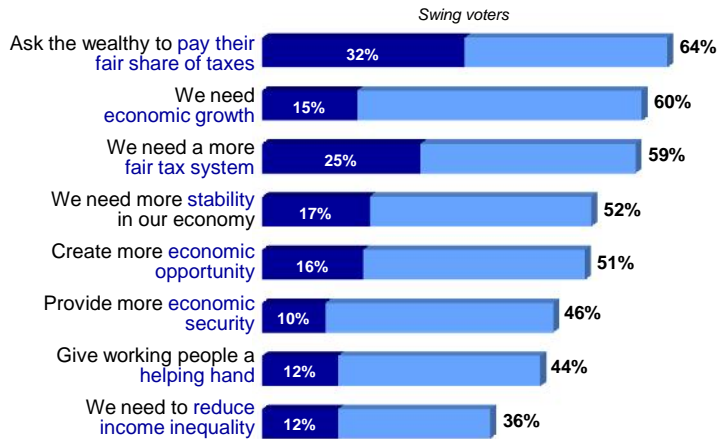
■ Republican candidate ■ Democratic candidate



Democrats Appeal to Swing Voters With Calls for Tax Fairness, Economic Growth

Impact of Statements on Feelings toward Democratic Candidate Who Said Each

■ Would feel very favorable toward candidate ■ Would feel fairly favorable toward candidate



Income gaps: Issue is ability of corporations and wealthy to do more, not what is “right” or “fair.”

	Swing voters/ appealing (7-10*)	GOTV targets/ extremely appealing (10*)
Inequality I: <u>The promise of America should be for everyone, not just the wealthy few.</u> Corporate CEOs make 273 times the pay of the average worker, and over the past four years the richest 1% saw their incomes rise 31% while everyone else got no raise at all. <u>Corporations and the wealthy can afford to pay their fair share, so that working families can have more opportunities to succeed.</u>	63%	62%
Inequality II: <u>Income inequality is skyrocketing and making our economy less fair.</u> Corporate CEOs make 273 times the pay of the average worker, and over the past four years the richest 1% saw their incomes rise 31% while everyone else got no raise at all. <u>It's not right that working people have to struggle to provide for their families, while the rich just keep getting richer.</u>	53%	55%

* Ratings on a zero-to-ten scale, 10 = extremely appealing economic priority/philosophy

Top Economic Issues among Swing Voters

Proportions who would Be MUCH more likely to Vote for Candidate With This Position

<u>Close loopholes</u> that allow large, profitable corporations to avoid paying taxes	53%
<u>End tax breaks</u> for companies that <u>send jobs overseas</u> , and use the revenue to modernize and build public schools, which would create one million jobs	49%
Set a <u>minimum tax rate for millionaires</u> to make sure they do not pay a lower tax rate than the middle class	47%
Prevent companies that consistently <u>violate labor laws</u> from receiving government contracts	46%
<u>End tax breaks</u> for companies that pay <u>huge salaries to their CEO</u> , to fund unemployment benefits for the long-term unemployed	44%
<u>Raise the minimum wage</u> to \$10.10 per hour and adjust it each year for the cost of living.	21%

Top Economic Issues among GOTV Targets

Proportions Saying They Would Be MUCH More Likely to Vote for Candidate With This Position

Make college more affordable by expanding aid and reducing interest rates on student loans	76%
Set a minimum tax rate for millionaires to make sure they do not pay a lower tax rate than the middle class	74%
Crack down on corporations that cheat workers out of pay for hours they have worked	71%
Increase funding for infrastructure investments that create jobs, such as roads, bridges, schools, and mass transit	70%
Raise the minimum wage to \$10.10 per hour and adjust it each year for the cost of living	69%
Increase funding for public schools so they can reduce class sizes in early grades	66%

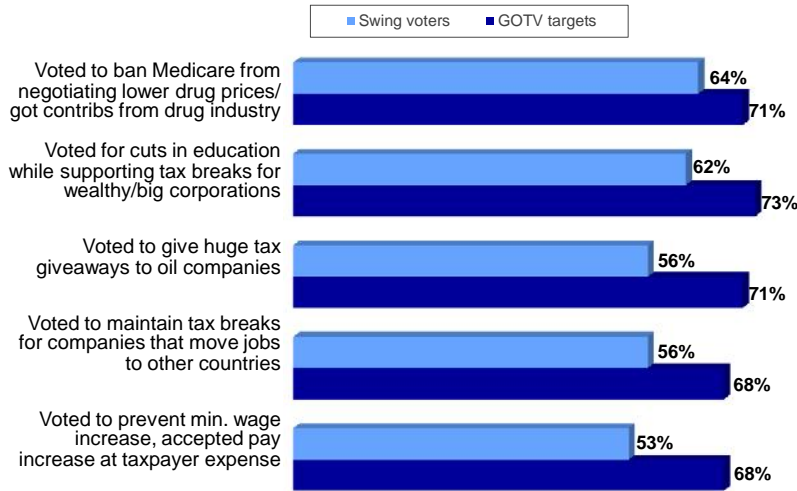
Which Criticisms of GOP Most Concern Voters?

GOTV Swing		% Rating Each as an Extremely Serious Concern for Them Personally *
69%	N/A	Republicans want President Obama to fail, and are undermining his presidency rather than working with him to move the country forward
64%	56%	Republicans are helping the very wealthy, but not looking out for the working families who are being squeezed like never before
63%	51%	Republicans go too far in cutting important public services like education and health care
62%	57%	Republicans are out of touch with the struggles of average people
61%	46%	Republicans are weakening programs that protect the poor and elderly
57%	57%	Republicans are too beholden to the corporate interests and lobbyists that fund their campaigns
52%	42%	Republicans are blocking efforts to create jobs and address economic problems
51%	36%	Republicans are anti-union and want to take away workers' rights and protections

* 10 ratings on a zero-to-ten scale, 10 = extremely serious concern for me

Most Effective Economic Attacks on Candidates

Proportions Saying Each Gives Them Very Major Doubts about a Candidate



MEMORANDUM

TO: Interested Parties
FROM: Guy Molyneux, Hart Research Associates
DATE: May 19, 2014
RE: Ten Things Democrats Need to Know about the Economy to Win in 2014

INTRODUCTION

The voting public remains deeply unhappy with the economic situation today, and the economy is far and away the issue that voters feel is most important for the president and Congress to address. Despite the role Republican policies played in creating the economic collapse of 2008, polls show voters are now as likely to trust Republicans as Democrats to deal with the economy. For Democrats to succeed politically in the 2014 elections and beyond, it is imperative that we articulate a more compelling economic vision and agenda.

At the same time, the current public opinion environment creates important opportunities for Democrats on the economic front. Voters are very aware that the very wealthy continue to make huge gains while average families struggle just to get by. They are angry that millionaires and billionaires often manage to pay a lower tax rate than middle-class Americans, and also that profitable corporations sometimes pay no federal taxes at all. And they support a wide variety of Democratic policy priorities that would lift wages, improve education and training, make higher education more affordable, protect workers' rights, and make the wealthy pay their fair share of taxes.

This memo draws upon a number of major public opinion studies on economic issues conducted by Hart Research in recent months to identify 10 key lessons that can help Democrats take advantage of these emerging opportunities and communicate an effective economic message. Most of the studies were conducted among registered voters, while one was conducted among swing voters (defined as voters who are not strong partisans). These projects have been sponsored by SEIU, AFT, AFSCME, NEA, Project New America, the AFL-CIO, and the Center for American Progress (singularly or together), and we thank these organizations for sponsoring this important research and sharing their findings. It should also be noted that the author has sole responsibility for the interpretations of the survey data made here.

TEN THINGS DEMOCRATS NEED TO KNOW

- 1. Voters respond most favorably when Democrats deliver a populist economic message centered on the idea of building an economy that works for all of us, not just the wealthy and big corporations.**
- 2. Tax Fairness is a tremendously appealing issue to voters this cycle, and it helps protect Democrats against attacks as “big spenders.”**
- 3. Despite voters’ concern that today’s economy works only for the wealthy and corporations, the language of “income inequality” does not address that concern effectively. Americans are looking for an economic agenda that delivers growth and opportunity more than “equality.”**
- 4. The central economic concern for voters today is that their incomes are not keeping up with the rising cost of living. Many voters experience this as a crisis of affordability.**
- 5. Democrats stand to gain if they give the issue of improving workers’ wages a prominent place in their 2014 campaigns.**
- 6. A focus on helping the “middle class” can limit the effectiveness of Democratic messaging—in today’s harsh economic reality, many voters no longer identify as middle class.**
- 7. Democratic turnout targets respond most strongly to messages that focus on Democrats’ concrete efforts to help working people and expand opportunity, by raising wages, improving schools, and creating jobs.**
- 8. The outsourcing of jobs is seen as one of the greatest challenges facing our economy, and a key issue for officials to address.**
- 9. Education issues—both K-12 schools and the affordability of higher education—are extremely important for key groups of voters.**
- 10. A populist frame helps to overcome voters’ concerns about government spending and dependence on government, and can be a strong counter to the conservative attack on “big government.”**

1 Voters respond most favorably when Democrats deliver a populist economic message centered on the idea of building an economy that works for all of us, not just the wealthy and big corporations.

Today, Americans believe that the single most important goal for the nation's economic future is to create an economy that works for everyone, not just the wealthy few. While voters also rate many other economic goals as priorities, no other formulation resonates nearly as strongly. And no other critique better captures Americans' economic anxiety than the idea that our economic system now benefits only the wealthy and corporations, while the deck is stacked against everyone else.

- Fully 59% of voters say making the economy work for everyone, not just the wealthy few, is an *extremely* important goal.
- Similarly, 59% *completely* agree that "we need to make sure that everyone, not just the CEOs, get their fair share in a growing economy."

Voters respond best to an inclusive populism that calls for an economy where all Americans have a real chance to succeed, rather than siding with one class over another. Instead of calling for simply reversing today's imbalance by favoring the middle class over the wealthy, this populist framework poses a choice between an economy that serves the many versus the few.

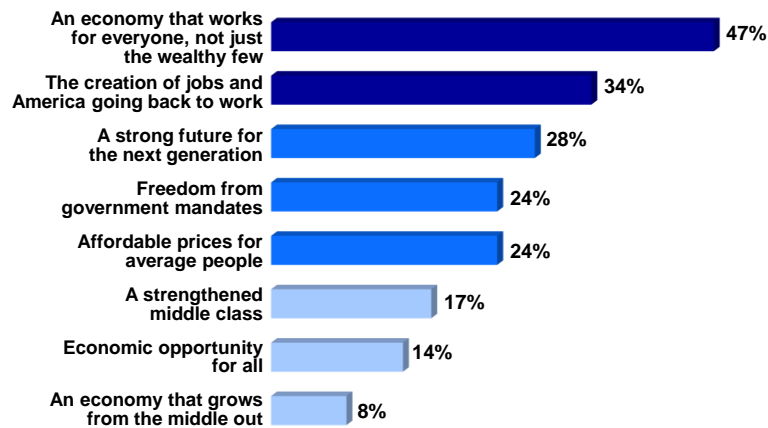
For Americans, this is a moral as well as an economic story. The public believes that virtuous behavior (especially hard work) is not being properly rewarded today because of barriers erected by the wealthy and powerful. Three-quarters agree that "the rules in America have changed—hard work and sacrifice are not rewarded anymore," and 63% say providing more opportunity to those who work hard and struggle to provide for their families is a very high priority.

The following candidate message proved very appealing to 63% of swing voters, and is a strong formulation of a populist Democratic economic message:

The promise of America should be for everyone, not just the wealthy few. Corporate CEOs make 273 times the pay of the average worker, and over the past four years the richest 1% saw their incomes rise 31% while everyone else got no raise at all. Corporations and the wealthy can afford to pay their fair share, so that working families can have more opportunities to succeed.

Most compelling goal: An economy that works for everyone, not just the wealthy few.

Which one or two of these phrases best describe the most important goals for America's economic future?



Could Democrats enjoy even more success by employing a message that promised “an economy that works for all,” but omitting the sharper-edged populism of talking about the wealthy? The data shows that this would actually weaken Democrats’ appeal. In a choice between a Republican who will “grow the economy” and a Democrat who will “make the economy work for all of us, not just the wealthy,” swing voters prefer the Democrat by a 22-point margin (61% to 39%). The other half of our respondents heard the same partisan choice, except that the words “not just the wealthy” were deleted. This Democrat actually lost to the Republican by 10 points, a net loss of 32 points. In a contest for voter allegiance, four little words—“not just the wealthy”—made all the difference. Instead of broadening the Democrat’s appeal, filing off the populist edge turned out to undermine support for this candidate.

- Significantly, it is with more conservative voters that a populist message provides the greatest advantage. By adding “not just the wealthy,” Democrats improve by 42 points with men (just 18 points with women), by 44 points among voters over 50 (just 19 points under age 50), and by 39 points with swing voters planning to vote Republican.

A populist framework also proves to be the most advantageous way to contrast the two parties and their priorities. Swing voters worry that Republicans will put the interests of big corporations ahead of the public much more than that Democrats will put too many unnecessary regulations on businesses. By comparison, concern that Republicans will go too far in cutting popular services like education and health care (51%) is no stronger than concern that Democrats will go too far in increasing government spending and debt (49%). A debate over competing fiscal priorities will likely lead to stalemate (at best), while a fight over whose side the two parties are on—working people or the wealthy—provides much greater opportunities for Democrats.

- This critique of Republicans appeals strongly to voters: *Republicans are helping the very wealthy, but not looking out for the working families who are being squeezed like never before.*

2 Tax Fairness is a tremendously appealing issue to voters this cycle, and it helps protect Democrats against attacks as “big spenders.”

One of the most consistent findings throughout all of our economic research is the powerful appeal of tax fairness issues, especially among swing voters. Fully 73% of swing voters prefer a Democrat who favors asking the wealthy and corporations to pay their fair share of taxes over a Republican who opposes raising taxes on anyone (27%). And 64% of swing voters believe that having the wealthy and big corporations pay their fair share of taxes would help them personally.

When voters are asked to choose their top priorities among eight different progressive policy planks, one item towers above the others as a priority: ask the wealthy and corporations to pay their fair share of taxes (selected by 44%, while no other issue exceeds 25%). Americans also support other progressive initiatives, but nothing else seems to speak to voters’ frustration with the economic status quo so well as the issue of tax fairness.

In a survey that tested the appeal of 17 different Democratic economic policies, four of the five most popular were progressive tax initiatives:

- Close loopholes that allow large, profitable corporations to avoid paying taxes.
- End tax breaks for companies that send jobs overseas, and use the revenue to modernize and build public schools, which would create one million jobs.
- Set a minimum tax rate for millionaires to make sure they do not pay a lower tax rate than the middle class.
- End tax breaks for companies that pay huge salaries to their CEOs, to fund unemployment benefits for the long-term unemployed.

In other surveys we also find overwhelming support for the Buffett rule (ensuring that millionaires pay a tax rate at least as high as middle-class Americans) and eliminating the hedge fund management loophole.

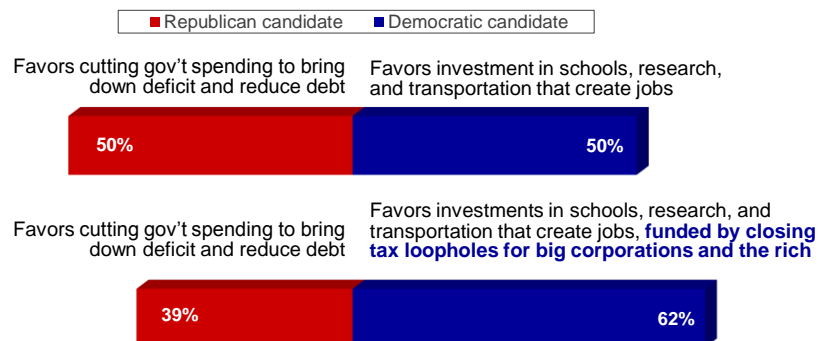
Using progressive revenue measures to pay for public investments or services also can be a critical element in making swing voters comfortable with Democratic spending priorities. Swing voters remain reluctant to endorse increases in government spending, but those reservations are diminished when Democrats specify that a program will be funded by closing loopholes that benefit the wealthy and/or corporations. That signals to swing voters that they will not be saddled with the cost of this initiative (and also that it will not increase the deficit).

- Voters divide evenly if given the choice between a fiscally conservative Republican and a Democrat who “favors investments in schools, research, and transportation that create jobs.” But if this Democratic candidate says

these investments will be funded by “closing tax loopholes for big corporations and the rich,” then the Democrat wins by a decisive 23-point margin over the exact same GOP opponent.

Tax Fairness Creates Space to Advocate for Public Investment

Swing voters: Which candidate would you be more likely to support?



Tax fairness issues also can be powerful as a way of revealing the skewed priorities of Republican candidates. When we test possible attacks on a candidate for his or her economic positions, it is consistently defense of tax breaks or loopholes for corporations and/or the wealthy that bring the strongest voter response. Voters are troubled deeply by a candidate who voted for tax giveaways to oil companies, voted for cuts in education while also supporting tax breaks for the wealthy and corporations, or defended tax breaks for companies that outsource jobs. They also express very major doubts about a GOP candidate who signed a pledge promising they will never vote to raise revenue by closing loopholes for the wealthy or corporations (i.e. the ATR/Norquist pledge).

3 Despite voters' concern that today's economy works only for the wealthy and corporations, the language of "income inequality" does not address that concern effectively. Americans are looking for an economic agenda that delivers growth and opportunity more than "equality."

The reality of growing gaps in wealth and income clearly is shaping Americans' perception of what is wrong with their economy and how it needs to change. However, while 60% of swing voters respond favorably to a Democratic candidate calling for economic growth, and 51% respond favorably to one calling for economic opportunity, a mere 36% have a favorable response to a candidate who wants to "reduce income inequality." Similarly, voters select economic growth as one of their top goals (49%) at more than twice the rate they choose economic equality (21%). The language of "equality" (and "inequality") does not resonate with voters, because their goal is a growing economy that provides opportunity to those who lack it today, not simply a more fair division of today's economic pie.

- Voters say their priority is to make sure everyone in the country has a real opportunity to succeed (63%) more than reducing the gap between the richest 1% and the rest of the country (37%).
- Four in five voters agree that “government programs should reward skill, hard work, and risk-taking, rather than just take money from some and give it to others.”
- Note that voters do not respond well to “shared prosperity” as an economic goal. Many assume that *they* are being asked to share. One focus group participant, in a typical reaction, defined shared prosperity as “giving what I work for to someone else.”

If Americans are focused on growth and opportunity, then why should Democrats mention the rich or big corporations at all? The answer is that voters understand that those at the top are rigging the system in their own favor—not paying their fair share of taxes, not paying workers a fair wage—in ways that deny average people the opportunity to move up the ladder. Average Americans do not resent those who are successful; they are angry about those at the top abusing their power to gain an unfair advantage.

- Today, 71% say that “the deck is stacked against middle class people and in favor of the rich.”

Americans are alarmed to learn that corporate CEOs now make 273 times the pay of their average employee. However, voters’ disparate reactions to two messages built upon this economic fact are instructive. When this disparity is framed in terms of distributive justice—“It’s not right that working people have to struggle to provide for their families, while the rich just keep getting richer”—the voter reaction is tepid. A much stronger message uses the same evidence to make a different point: “Corporations and the wealthy can afford to pay their fair share, so that working families can have more opportunities to succeed.” Growing disparities in income and wealth are important to voters because they demonstrate that the wealthy can afford to pay more in taxes and corporations can afford to pay wages that support a family. That means the current lack of opportunity for working people is neither necessary nor inevitable: it is a function of bad policies that need to change.

4 The central economic concern for voters today is that their incomes are not keeping up with the rising cost of living. Many voters experience this as a crisis of affordability.

An astonishing two-thirds of swing voters report that their incomes are falling behind the cost of living today. Almost all of the remaining voters say they are just staying even with rising costs, while only a tiny minority feels their income is rising faster than costs. Similarly, 65% of swings worry very or somewhat often that their income is not keeping up with the cost of living. This sense of losing ground economically remains pervasive, despite the beginning economic recovery.

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Voters often experience this economic stress in terms of unaffordable costs that they confront on a regular basis. Many voters worry that they will not be able to afford a secure retirement, or will face health expenses or housing costs they cannot afford. The high cost of gas is a particularly powerful symbol for many Americans of the essential expenses of daily life that they struggle to cover. One survey found the cost of gas to be the number one financial worry for Democratic GOTV targets, and also a top concern for rural swing voters.

This candidate message focused on affordability proved to be the most persuasive (64% very appealing) for swing voters among nine tested:

It's getting harder and harder for working people to afford a middle-class lifestyle. College tuition keeps rising, putting college out of reach for many, and burdening others with student debt. It costs over \$50 to fill up your tank. Politicians and CEOs keep giving themselves raises, while the rest of us struggle to make ends meet. If you work hard and play by the rules, you should be paid enough to live on.

5 Democrats stand to gain if they give the issue of improving workers' wages a prominent place in their 2014 campaigns.

Low- to moderate-income voters think about their economic struggles in terms of inadequate wages, as well as unaffordable prices. Fully 62% of working swing voters with incomes below \$75,000 worry regularly that they "are not being paid a fair wage or salary for their work." However, this figure falls to just 33% for those earning over \$75,000 per year. In contrast, voters of all incomes express fairly similar levels of concern about retirement security or the cost of gas.

Polling data suggests Democrats have a lot to gain by making wages a key element in their economic agenda. When it comes to dealing with the economy in general, or creating jobs, voters have about equal trust in Democrats and Republicans today. However, by a startling 32-point margin, battleground voters believe Democrats (48%) rather than Republicans (16%) will do the better job of raising workers' wages and salaries. Democrats' strong credibility advantage means that elevating the prominence of the wage issue should help in coming elections.

Voters embrace a range of policy initiatives that improve incomes and wages, including a living wage for employees of federal contractors, combatting wage theft, and requiring paid personal or family sick time.

- 62% are much more likely to vote for a candidate who wants to "crack down on corporations that cheat workers out of pay for hours they have worked."
- Requiring companies that receive federal contracts to pay a living wage substantially boosts support for a candidate.
- Voters respond with tremendous enthusiasm to a candidate who favors allowing employees to earn paid personal or family sick time at their job. Fully 76% would be more likely to vote for this candidate, and this proposal is especially popular with women (including GOP women).

Despite support for specific wage policies, the specific language of *raising workers' wages* proves to be a rather weak theme—just 35% feel it is extremely important (ninth out of 10 goals). So getting the language right is important when talking about wages. Voters are more comfortable with calls for “improving” than “raising” wages, and talking about improving wages in the context of helping families to afford the costs of living is even stronger. For example, 61% say that making sure “people are paid enough to support their families” is a very important goal, compared with 47% for “raising wages and salaries for working people.” This is about working people being able to support their families and having a chance to get ahead, not just making more money.

Raising the minimum wage can be an important issue for mobilizing Democratic base voters. It is a less important issue for swing voters, but can be effective if used in comparative or negative communications. Swing voters clearly prefer a Democrat who favors raising the minimum wage (64%) over an anti-minimum wage Republican (36%). However, just 21% say they are much more likely to support a pro-minimum wage candidate, ranking it 16th out of 17 items tested in terms of appeal as a positive issue. And just 24% of swing voters feel they and their family would benefit personally from a hike in the minimum wage. This suggests the minimum wage issue can help Democrats most with swing voters when employed as a contrast or negative issue.

Learning that a candidate opposes raising the minimum wage is somewhat troubling to voters. However, linking GOP opposition to a minimum wage increase to their support for tax breaks for corporations and the wealthy is a more powerful criticism. And when a candidate opposes hiking the minimum wage despite accepting an increase in their pay as an elected official, it becomes an issue of hypocrisy and is quite troubling to voters.

The minimum wage issue may also help Democrats improve turnout. A 55% majority of battleground voters say their interest in voting would rise if turning out meant they would have the chance to help defeat a candidate who opposes raising the minimum wage. This rises to 63% for voters with incomes under \$50,000, and 74% for Democrats with incomes under \$50,000.

6 A focus on helping the “middle class” can limit the effectiveness of Democratic messaging—in today’s harsh economic reality, many voters no longer identify as middle class.

Democrats often describe their economic agenda in terms of helping “middle-class” Americans. However, current research suggests that the “middle class” label can actually narrow rather than expand our appeal. For example, while 62% give priority to creating “more good jobs,” this number surprisingly shrinks to 54% when we ask about creating “more good, *middle-class* jobs.”

Significantly, just 49% of swing voters feel the phrase “middle class” describes them well today (the lowest identification rate among four categories tested). Only at high income levels do a majority of voters consider themselves “middle class.”

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Candidates can no longer assume that voters will hear promises to help the middle class as addressing their concerns. Instead, voters identify more strongly as “working people” or as members of “working families.”

- Seniors are an exception: they do not consider themselves to be part of the workforce, and so do not identify “working people.” Seniors identify more as middle class or as “average Americans.”

At the same time, a good economy is associated with a strong and growing middle class. Fully 83% of voters agree that “a strong middle class isn’t just the result of a strong economy—it’s the way to build a strong economy.” And by a margin of 16 points, they say that what first made America a great economic success was building a strong middle class rather than a commitment to “free markets.”

7 Democratic turnout targets respond most strongly to messages that focus on Democrats’ concrete efforts to help working people and expand opportunity, by raising wages, improving schools, and creating jobs.

In many cases, economic messages that work with persuadable swing voters also engage Democratic voters who need to be mobilized at election time. However, Democratic GOTV targets are much more focused on pocketbook issues that could make a real difference in their lives. These Democrats want a government that is focused on addressing the challenges they face trying to keep up with the cost of living. The strongest positive response comes in the areas of improving college affordability, setting a minimum tax for millionaires, combatting wage theft, creating jobs, raising the minimum wage, and funding K-12 schools. (See table.)

Proportions of GOTV Targets Who Would Be MUCH More Likely to Vote for a Candidate with This Position

Make college more affordable by expanding aid and reducing interest rates on student loans.	76%
Set a minimum tax rate for millionaires to make sure they do not pay a lower tax rate than the middle class.	74%
Crack down on corporations that cheat workers out of pay for hours they have worked.	71%
Increase funding for infrastructure investments that create jobs, such as roads, bridges, schools, and mass transit.	70%
Raise the minimum wage to \$10.10 per hour and adjust it each year for the cost of living.	69%
Increase funding for public schools so they can reduce class sizes in early grades.	66%

When GOTV targets consider a series of candidate statements on economic issues, the candidates they embrace most strongly are not those employing a populist frame contrasting working people and the wealthy, but rather those who offer concrete remedies for people’s economic challenges:

Hardworking families are struggling, living paycheck to paycheck. While women are important breadwinners, they get paid less than men, making it difficult for today's families to make ends meet. That's why we need pay equity, paid sick time for workers, and expanded access to affordable, quality child care. All families deserve a fair shake and a decent shot to achieve economic security and success. (Strong message for WOMEN.)

My top priority is creating jobs by making vital public investments. We need to modernize our schools. We should upgrade our bridges, roads, and public transportation. And we need to invest in medical research, clean and alternative energy sources, and new technologies. This will create thousands of jobs in our communities. And just as importantly, it strengthens America by building foundations for our economic future and allows us to compete in the global marketplace. (Strong message for MEN.)

8 The outsourcing of jobs is seen as one of the greatest challenges facing our economy, and a key issue for officials to address.

In one of our polls, voters identified American jobs being shipped overseas as the nation's single greatest economic problem (36%), ahead of the budget deficit (30%), health costs (26%), and other concerns. Two of the highest-rated candidate economic positions we have tested are negotiating fair trade deals that protect American jobs (68% much more likely to support) and ending tax breaks that US firms receive when they send jobs overseas (66%). Republicans' defense of tax breaks for companies that ship jobs overseas is consistently one of the strongest attacks we can make on their candidates. And this candidate message focused on outsourcing was very highly rated by swing voters (63% appealing):

I believe the single greatest threat to our economy is American jobs moving overseas. It's time to stop giving tax breaks to corporations that offshore our jobs, and reward companies that create jobs at home. We need to sign fair trade deals that protect the wages and jobs of American workers. And let's close loopholes that let US corporations avoid taxes by hiding their profits offshore.

Voters are also angry about efforts by corporations or wealthy individuals to avoid taxes by hiding their income overseas. There is overwhelming support for legislation that would:

- Close tax loopholes to ensure that American corporations pay as much on foreign profits as they do on profits made in the United States;
- Close loopholes that allow corporations and wealthy individuals to avoid paying US taxes by shifting income to offshore tax havens.

9 Education issues—both K-12 schools and the affordability of higher education—are extremely important for key groups of voters.

Education issues do not generally rank as a top concerns for the majority of voters today. However, they constitute major challenges and priorities for key subgroups

of voters that can be targeted by campaigns. For example, just 24% of all swing voters worry about paying off student loans, but this number skyrockets to 70% for the one-quarter of swing voters who have outstanding student loans. Similarly, one-third of swing voters worry about the cost of college, but this rises to two-thirds if the swing voter is a parent.

Consequently, addressing college affordability and K-12 school quality can be powerful issues if directed to the right audience:

- 65% of parents say they would benefit personally from increasing funding for K-12 public schools (compared with just 24% overall);
- 66% of parents (and 70% of those with student loans) feel they would benefit from laws reducing the cost of going to college and the burden of student debt (compared with 40% overall).

In addition, Democratic base voters see improving our nation's education system as a central priority. Indeed, the candidate statement they found most compelling (66% extremely appealing) focused on education:

The best way to strengthen our economy for the long term is improving our education system and raising the skills of American workers. To succeed in the global economy, we need to modernize our schools, hire excellent teachers, expand access to quality child care and early education, and make the dream of college education affordable for everyone who wants to pursue it.

10 A populist frame helps to overcome voters' concerns about government spending and dependence on government, and can be a strong counter to the conservative attack on "big government."

Swing voters have two related concerns about Democrats that must be anticipated and guarded against: that we support too much government spending and debt, and that we encourage people to become dependent on government. The latter is a particularly important vulnerability to address, as swing voters are more worried about Democrats' encouragement of dependence than they are that Republicans will cut supports that struggling families and seniors depend on. This is the fear Republicans exploit when they employ their "takers vs. makers" message frame: the goal is to convince middle-class and working-class voters that they ultimately have more in common with the wealthy than with the poor, and to portray Democrats as caring only about those at the bottom.

The power of populism for Democrats is that it draws the dividing line at the top instead of the bottom, isolating the wealthy rather than the poor. When a Democrat calls for an economy that works for all of us, not just the wealthy, it signals to voters that this candidate will look out for all working people, and not only the very poor. That is why this populist language gives Democrats their biggest boost with more conservative voters.

Hart Research Associates

- The language of offering a “helping hand” to families does not resonate with swing voters.
- 78% strongly agree that “No one is guaranteed success in America, but everyone deserves a fair shot to succeed, and today that just isn’t happening for too many Americans.”

Highlighting GOP favoritism toward corporations and the wealthy is also a powerful rejoinder to their attack on Democrats as the party of “big government.” Voters have a bigger concern today than the size of government: by a 24-point margin, they say “politicians looking out for the wealthy and big corporations rather than average people” is a larger obstacle to a strong economy than “government spending and taxing too much.” When attacked as “big spenders,” Democrats can respond that the important question today is not the size of government so much as who government will work for: corporations and the wealthy, or all Americans? What prevents working people from having economic opportunity today is Republican politicians who consistently look out for the wealthy and big corporations instead of average working people.

- 76% of voters completely agree that “we need to make politicians accountable to working people, instead of to lobbyists for corporate special interests.”
- 60% completely agree that “The wealthy, large corporations, and Wall Street have too much political power, which they use to get special tax breaks at the expense of the rest of us.”

Just as voters want an economy that works for everyone, not just the wealthy, so too do they want a government that works for all Americans. One of the highest-rated economic messages we have tested in any research focuses on the idea that politicians have given in to the power of lobbyists for big business and the wealthy by changing the rules to make it easier for companies to lay off workers, raid pension funds, ship jobs overseas, and keep wages low. It concludes with this powerful statement: ***Our government should be rewarding hard work and helping level the playing field, not rigging the system for the powerful. The promise of America is for everyone, not just the wealthy few.***



MESSAGING ON CORPORATE INVERSIONS AND WALGREENS

July 21, 2014

What Is a Corporate Inversion?

This tax loophole allows a U.S. corporation to renounce its corporate “citizenship” and move its address offshore by merging with a foreign company. The merged corporation then pays most of its taxes to a foreign government – usually a tax haven – with a low tax rate. This allows it to dodge paying its fair share of U.S. taxes. The process, known as an “inversion,” takes place primarily on paper as most corporate operations remain here.

General Message Points

- These corporations are **unpatriotic**. They are **deserters** that are renouncing their U.S. “citizenship.” They are **abandoning** or **rejecting** America. They are **Benedict Arnold corporations** that are **traitors** to their country. They **betray** us. They **turn their backs** on our country. They **choose a tax haven over the United States**. They **swear allegiance to a foreign power**. They are literally **un-American**.
- Corporations invert to **avoid paying their fair share in taxes**. They **duck, dodge, shirk** and **renege on** their responsibilities. They **cheat** the system. They **refuse** to pay their fair share.
- These corporations are leaving American taxpayers to **pick up the tab**. They **stick us with the bill**. They **pass on the cost** to the rest of us. As a result, American families pay higher taxes, get fewer services or we all get a bigger deficit.
- These corporations take advantage of a gaping **loophole** that Congress needs to close. They use **accounting gimmicks** and **legal maneuvers** to **move their corporate address offshore**. This is a **sham** that takes place **primarily on paper**. It can easily be closed if Congress stands up to the corporate lobbyists that have rigged the system in Washington and tells them we represent the American people first and corporate tax dodgers last.
- Corporations that invert **want all the benefits** and **privileges** of being a U.S. company. They want to take advantage of our educated workforce, legal system, patent law, financial markets, transportation system, and federally-funded research – **without paying for that right**. They still want lucrative government contracts. They want to make huge profits selling products to millions of American consumers even after they abandon America.
- Congress must **close tax loopholes** like this that help corporations to **shift profits and jobs offshore**. Congress needs to **level the playing field** so that big corporations have to **play by the same rules** as Main Street businesses that are doing their part.

- Because of tax loopholes like this, some large, profitable corporations **pay absolutely nothing** in federal income taxes – 26 corporations paid no U.S. income taxes from 2008 to 2012. Giant corporations like General Electric, Boeing and Verizon made billions and got tax refunds. **They paid less** in federal income taxes over five years **than a typical American family paid in one year**. They paid less in federal taxes than **they spent on lobbyists** to further **game the tax system** in their favor.
- We should end tax breaks for corporations that **ship jobs and profits offshore**. It's time to invest in America and create jobs here.
- These **selfish** corporations **know no country**, they **feel no patriotism**, and they **have no allegiance** to America – just to the **almighty dollar**.

Walgreens Message Points

- Walgreens will decide as soon as August **whether or not it will desert America** and become a foreign corporation. It is in the process of buying a company in Switzerland – a tax haven. Once that happens, Walgreens can **renounce** its U.S. corporate “citizenship” and change its address to the tax haven.
- We must stop Walgreens from becoming another **Benedict Arnold corporation** – a traitor to America. If Walgreens inverts, it will not leave America, it will just **abandon** paying most of its taxes to America. It will become a foreign company in order to **dodge** \$4 billion in taxes over the next five years, according to a report from Americans for Tax Fairness.
- A quarter of Walgreens \$72 billion in revenue is paid by the government – and U.S. taxpayers – through the Medicare and Medicaid programs. By **shirking its obligations**, Walgreens is trying to reap even more profits while leaving taxpayers to **pick up the tab**.
- Even with its new offshore address, Walgreens would still **benefit from all the services U.S. taxes pay for**—from roads to education to stable markets to our legal system to national defense. But it would pay far less for that privilege, leaving American taxpayers to make up the difference.
- If a giant retail pharmacy chain with 8,200 stores and locations in all 50 states deserts America, there will be nothing stopping other corporations from moving offshore to a tax haven. It will start a stampede by other **unpatriotic companies** that are **traitors to America**.

OFFSHORING AMERICA'S DRUGSTORE

*Walgreens May Move its Corporate Address to a Tax Haven to Avoid
Paying Billions in U.S. Taxes*

EXECUTIVE SUMMARY



Walgreen Co. is the nation's largest pharmacy retailer with 8,200 stores and locations in all 50 states. It is America's drugstore, and Walgreens pharmacies play a key role in providing healthcare to our communities.

Yet Walgreens recently stated that it may soon renounce its American "corporate citizenship" by offshoring its place of incorporation to Switzerland, a tax haven. The reason for doing this is clear: to avoid paying its fair share of taxes. (The drug maker Pfizer recently made headlines by pursuing a similar reincorporation with AstraZeneca in Great Britain for the same tax purpose.)

This reincorporation would take place primarily on paper – essentially a change of its corporate address. In all likelihood, Walgreens would not move its headquarters, employees or supply chains to Switzerland. But it could cost U.S. taxpayers \$4 billion over five years, leaving other businesses and American families to pick up the tab.

This tax maneuver is made possible by a loophole that allows American companies to reincorporate offshore, typically in a tax haven, when just 20% of its stock is owned outside of the United States. This process is known as an *inversion*. Walgreens may be able to meet this criterion through its merger with the Swiss company Alliance Boots (AB), Europe's largest pharmaceutical wholesaler and retailer. AB has itself been criticized widely for aggressively avoiding taxes, especially by reincorporating from the United Kingdom to Switzerland in 2008.

If Walgreens renounces its American corporate citizenship in an inversion, it would continue to take full advantage of all the benefits it gets from operating in America, where almost all of its \$72 billion in annual sales and nearly \$2.5 billion in profit are generated.

Our research shows that Walgreens relies heavily on the U.S. taxpayer for its profits, and that an inversion would deprive our country of significant resources while giving the company an unfair advantage over its competitors:

OFFSHORING AMERICA'S DRUGSTORE

*Walgreens May Move its Corporate Address to a Tax Haven to Avoid
Paying Billions in U.S. Taxes*

- **If Walgreens changes its corporate address to Switzerland, it could cost U.S. taxpayers more than \$4 billion in lost tax revenue over five years.** Analysts at equity research firms have said that the company's income tax rate could be cut to 20%; Walgreens currently pays about a 30% tax rate. This lost tax revenue is enough to pay for one-and-a-half years of prescriptions for the entire veterans population at the V.A., or pay for health coverage for 3.5 million children for a year.
- **Walgreens receives a quarter of its income from taxpayers through government programs.** Of Walgreens' \$72 billion in 2013 sales, an estimated \$16.7 billion, or 23%, came from Medicare and Medicaid.
- **Walgreens' corporate inversion would affect Illinois taxpayers. In 2012, the state awarded Walgreens \$46 million in tax breaks over 10 years.** But an inversion could reduce the company's already low state income tax rate.
- **U.S. taxpayers spent \$11 million subsidizing executive bonuses at Walgreens over the last five years.** Walgreens' top executives have collectively earned more than \$60 million in compensation over the last five years. Because of a loophole that allows certain "performance-based" stock and incentive compensation to be tax deductible, it cost U.S. taxpayers \$11 million to subsidize Walgreens' executive bonuses.
- **By changing its country of incorporation to Switzerland, Walgreens will have an unfair advantage over its competitors.** Walgreens average U.S. tax rate was 31% from 2008 to 2012. Its chief competitor, CVS Caremark, paid a higher tax rate of 34% over those same years, but it has made no move to reincorporate offshore.

President Obama has proposed legislation to make it very difficult for U.S. companies to reincorporate overseas, and several leading members of Congress have recently proposed similar measures to end this tax avoidance scheme.

Corporate tax avoidance is facing growing opposition this year as Walgreens executives and then the company's shareholders make critical decisions about whether Walgreens will continue to be an American corporation. For the company, it is a public relations dilemma and potentially a challenge to its business. When Walgreens abandons America, will American consumers abandon Walgreens?

Overview

In recent months, several major U.S. corporations – among them [Walgreens](#), [Medtronic](#) and [AbbVie](#) – have announced possible plans to renounce their U.S. corporate “citizenship” and move their corporate address offshore by merging with a foreign company. The merged corporation then pays most of its taxes to a foreign government – usually a tax haven – with a low tax rate. This allows it to dodge paying its fair share of U.S. taxes. The process, known as an “inversion,” takes place primarily on paper as most corporate operations remain here.

Why is the issue important?

If corporations use inversions to dodge their tax obligations, American taxpayers have to pick up the tab even though the firms will continue to enjoy the enormous benefits of being headquartered here. Inversions are likely to become a central issue in the debate over corporate tax reform. Conservatives claim that corporations are forced to leave America because the corporate income tax rate is too high. Progressives argue that corporations are already avoiding paying their fair share of taxes due to many loopholes, including inversions.

How does an inversion work?

A [corporate inversion](#) occurs when a U.S. company merges with a foreign one, dissolves its U.S. corporate status and reincorporates in the foreign country. The U.S. company becomes a subsidiary of the foreign one, but the foreign firm is controlled by the original U.S. firm.

[A U.S. corporation can invert](#) if after a merger the owners of the U.S. corporation retain less than 80% of outstanding stock of the new merged company, or if after the merger the new merged company has “substantial business activities” in the foreign country equaling at least 25% of operations. So, with just a 20% change in ownership, a company can become “foreign” even if it largely operates in and is controlled from America.

What is the tax advantage of an inversion?

Corporations undergo inversions to take advantage of [much lower tax rates](#), usually in tax-haven countries. Once inverted, a company no longer pays U.S. taxes on its [global income](#). Instead, it is only responsible for paying taxes on income generated in the U.S. For example, Walgreens, which had \$72 billion in U.S. sales last year, would likely [avoid \\$4 billion in U.S. income taxes](#) over five years if it inverts with a Swiss firm. Pfizer, which tried to do an inversion with AstraZeneca in the U.K., would dodge [\\$1 billion a year in taxes](#) here.

Also, U.S. companies with billions of untaxed profits offshore can escape paying taxes on those profits in America if a company inverts. Medtronic reportedly could use [\\$20.5 billion in its untaxed profits](#) now offshore to invest back here and avoid paying taxes on those funds.

Key Facts

Inversions largely occur on paper. Corporations typically do not move their executives or operations overseas.

Corporations that invert continue to enjoy the benefits of operating here – they just dodge a lot of taxes.

A [dozen U.S. firms](#) are currently considering doing a corporate inversion.

Walgreens could dodge up to [\\$4 billion in U.S. taxes](#) over five years if it inverts. One-quarter of its sales are from Medicare and Medicaid.

Medtronic plans to move its corporate address to Ireland, a tax haven, to avoid paying U.S. taxes on [\\$20.5 billion in offshore profits](#).

U.S. corporations already [dodge \\$90 billion a year in income taxes](#) by shifting profits to subsidiaries—often no more than post office boxes—in tax havens.

U.S. corporations hold [\\$2.1 trillion in profits offshore](#) – much of it in tax havens – that have not yet been taxed here. An inversion can let firms dodge paying taxes on those profits.

News Coverage

[At Walgreen, Renouncing Corporate Citizenship](#), The New York Times

[Tax Inversion -- How U.S. Companies Buy Tax Breaks](#), Bloomberg News

[Tax avoidance: The Irish inversion](#), The Financial Times

[A Merger in a Race With Congress](#), The New York Times

[The Levin Brothers Want to End Tax Inversion, but the GOP Refuses](#), The New Republic

[Move to Switzerland to dodge IRS may give Walgreen blues](#), The New York Post

Why inversions are unfair

Companies that invert will continue to take advantage of the things that make the U.S. the best place in the world to do business – our educated workforce, legal and transportation systems, and federally-funded research. And they will continue to be able to get government contracts and to sell products to millions of American consumers.

But they will pay far less than their fair share for these services, passing on the cost to American taxpayers and to other companies.

What is President Obama's position?

[Obama's budget](#) proposed to make inversions very difficult for companies that have the majority of their operations and ownership in the U.S. He would prevent them from reincorporating abroad if they are owned by at least 50% of the former U.S. parent's stockholders (the current threshold is 80%). He would also require that the new foreign corporation be primarily managed and controlled from abroad.

What is happening in Congress?

Key members of Congress have introduced legislation based on Obama's plan. Sen. Carl Levin (D-MI), Chairman of a subcommittee that has investigated tax avoidance by Apple and other corporations, has introduced the Stop Corporate Inversions Act of 2014 ([S. 2360](#)). Rep. Sander Levin (D-MI) has introduced a companion bill in the House of Representatives ([H.R. 4679](#)) that would raise [\\$19.5 billion over 10 years](#).

Talking points

- Corporations that renounce their U.S. "citizenship" and shift their address offshore are deserters. They are traitors to America. They want all the benefits of being an American company without paying their fair share of taxes. That makes the rest of us pick up the tab.
- It is unpatriotic for a corporation to abandon America by shifting its address to a tax haven in order to dodge paying its taxes.
- Congress must close tax loopholes that make it easy for corporations to shift profits and jobs offshore. Congress needs to level the playing field so that big corporations have to play by the same rules as Main Street businesses that are doing their part.
- Big corporations say that the 35% U.S. corporate income tax rate is too high. But many companies pay much less because of loopholes in our tax code – many pay at a rate of [less than 20%](#).
- [26 corporations paid no U.S. income taxes](#) from 2008 to 2012, including General Electric, Boeing and Verizon. 111 companies paid no income taxes in at least one of those five years.
- We cannot win a race to the bottom. There will always be countries with tax rates that are much lower than ours – sometimes 0%.

Opinion

[Positively un-American Tax Dodges](#), Fortune

[Pfizer's Ploy and the Porous Tax Laws](#), The New York Times

[An Open Letter to Medtronic on What it Means to Be an American company](#), The Washington Post

[Companies Take U.S. Benefits, but Flee US Taxes](#), The Raleigh News and Observer

Resources

[Editorial Board Memo](#), Americans for Tax Fairness

[Offshoring America's Drugstore](#) – Americans for Tax Fairness and Change to Win Retail Initiatives

[Much of What You've Heard about Corporate "Inversions" Is Wrong](#), Citizens for Tax Justice

[Corporate Expatriation, Inversions, and Mergers: Tax Issues](#), Congressional Research Service

[47 Corporate Inversions in Last Decade](#), Congressional Research Service

[Why Does Pfizer Want to Renounce Its Citizenship?](#) Citizens for Tax Justice

[Pfizer's Tax-Dodging Bid for AstraZeneca Shows Need to Tighten U.S. Tax Rules](#), Center for American Progress

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[Americans for Tax Fairness](#) is a diverse coalition of 425 national and state organizations that collectively represent tens of millions of members. ATF was formed on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs.

Overview

Many U.S. corporations use offshore tax havens and other accounting gimmicks to avoid paying as much as [\\$90 billion a year](#) in federal income taxes. A large loophole at the heart of U.S. tax law enables corporations to avoid paying taxes on foreign profits until they are brought home. Known as “deferral,” it provides a huge incentive to keep profits offshore as long as possible. Many corporations choose never to bring the profits home and never pay U.S. taxes on them.

Deferral gives corporations enormous incentives to use accounting tricks to make it appear that profits earned here were generated in a tax haven. Profits are funneled through subsidiaries, often shell companies with few employees and little real business activity. Effectively, firms launder U.S. profits to avoid paying U.S. taxes.

Loopholes used to shift U.S. profits to tax havens

- U.S. firms can set up a subsidiary offshore, channel billions of dollars of profit through it and make the subsidiary “disappear” for U.S. tax purposes simply by “[checking a box](#)” on an IRS form.
- Corporations can sell the right to patents and licenses at a low price to an offshore subsidiary, which then “licenses” back to the U.S. parent at a steep price the right to sell its products in America. The goal of this “transfer pricing” is to make it appear that the company [earns profits in tax havens but not in the U.S.](#)
- Wall Street banks, credit card companies and other corporations with large financial units can easily move U.S. profits offshore using a loophole known as the “[active financing exception.](#)”
- A U.S. corporation can do an “[inversion](#)” by buying a foreign firm and then claiming that the new, merged company is foreign. This allows it to reincorporate in a country, often a tax haven, with a much lower tax rate. The process takes place mostly on paper – the company doesn’t move its headquarters offshore and its ownership is mostly unchanged – but it continues to enjoy the privileges of operating here while paying low tax rates in the foreign country.

How to solve the problem

The simplest solution is to end “deferral.” Corporations would pay taxes on offshore income the year it is earned, rather than indefinitely avoid paying U.S. income taxes. This would also remove incentives to shift U.S. profits to tax havens. Ending deferral would raise more than [\\$600 billion](#) over 10 years.

Short of ending deferral, Congress should close the most egregious loopholes, such as “check the box,” “transfer pricing,” “active financing exception” and corporate “inversions.” It should also end the loophole that lets firms deduct the cost of expenses from moving jobs and operations offshore if the profits earned from those activities remain offshore and untaxed by the U.S. – saving [\\$60 billion](#) over 10 years.

Key Facts

Tax avoidance through offshore tax loopholes is a significant reason why corporations, which paid one-third of federal revenues 60 years ago, [now pay](#) one-tenth of federal revenues.

[U.S. corporations dodge \\$90 billion a year in income taxes](#) by shifting profits to subsidiaries—often no more than a post office box—in tax havens.

U.S. corporations hold [\\$2.1 trillion in profits offshore](#) – much in tax havens – that have not been taxed in the U.S.

General Electric, which uses a loophole for offshore financial profits, earned \$27.5 billion in profits from 2008 to 2012 [but claimed tax refunds of \\$3.1 billion.](#)

Apple made \$74 billion from 2009-2012 on worldwide sales (excluding the Americas) and [paid almost nothing in taxes](#) to any country.

26 profitable Fortune 500 firms [paid no federal income taxes](#) from 2008-2012. 111 large, profitable corporations paid zero federal income taxes in at least one of those five years.

News Coverage

[The Islands Treasured by Offshore Tax Avoiders](#), The New York Times

[For U.S. Companies, Money ‘Offshore’ Means Manhattan](#), The New York Times

[Switching Names to Save on Taxes](#), The New York Times

[G.E.’s Tax Strategies Let it Avoid Taxes Altogether](#), The New York Times

[Cash Abroad Rises \\$206 Billion as Apple to IBM Avoid Tax](#), Bloomberg News

[Britain Becomes Haven for U.S. Companies Keen to Cut Tax Bills](#), Reuters

[Apple’s Web of Tax Shelters Saved It Billions](#), The New York Times

Sen. Carl Levin (D-MI) has introduced legislation, the Stop Tax Haven Abuse Act ([S. 1533](#)), that will close some of these loopholes. It will [raise \\$220 billion over 10 years](#).

Corporations really want a “territorial” tax system

Corporations don’t just want to “defer” paying U.S. taxes on foreign profits. They want a [“territorial” tax system](#) that eliminates all U.S. taxation of offshore profits. This would provide even more incentives for corporations to shift profits to offshore tax havens. A system in which U.S. corporations pay no U.S. income taxes on offshore profits would encourage U.S. firms to create [800,000 jobs overseas](#) rather than in the U.S.

Why not let companies “bring the money home?”

Because U.S. firms are officially holding [\\$2.1 trillion in untaxed profits offshore](#), they are proposing a “repatriation tax holiday,” which would allow them to bring that money home at a special low tax rate. Supporters say this would increase domestic investment, creating jobs. A tax holiday was tried in 2004, when \$300 billion was brought home at a 5.25% tax rate, but it was a big failure. [It did not increase domestic investment or create jobs](#), and the money [was used largely for stock buybacks](#), dividends and executive bonuses. Also, a tax holiday costs more than it raises – it will [lose \\$100 billion](#) over 10 years. Worst of all, it rewards firms that use offshore tax loopholes, encouraging even more tax dodging in the future.

Talking points

- We should end tax breaks for corporations that ship jobs and profits offshore. It’s time to invest in America and create jobs here.
- When big corporations use tax havens to dodge paying their fair share of taxes, the rest of us have to pick up the tab. Families pay higher taxes, get fewer services or we all get a bigger deficit.
- Tax dodging by large corporations puts small businesses that play by the rules at a disadvantage. We need to level the playing field.
- *Corporations say our 35% corporate income tax rate is the highest in the world, which makes them uncompetitive and kills jobs.* But corporations aren’t paying too much in taxes; many pay too little. The typical American family paid more income taxes in one year than General Electric and dozens of other companies paid in five years. Many large, profitable corporations pay a tax rate of less than 20%, and some pay absolutely nothing for years. If corporations pay less, you will have to pay more. Corporations need to pay their fair share too.
- *Corporations say a repatriation tax holiday will enable them to bring profits home, invest and create jobs.* When this was tried in 2004 it was an utter failure. Companies actually cut jobs, but they lined the pockets of big shareholders and corporate executives. A tax holiday gives tax breaks to corporations that have done the most to dodge paying their fair share of taxes.

Opinion

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[Corporations and their Tax Shell Games: Time for a Global Crackdown](#), The Los Angeles Times

Resources

[Tax Havens: International Tax Avoidance and Evasion](#), Congressional Research Service

[International Corporate Tax Rate Comparisons and Policy Implications](#), Congressional Research Service

[Offshore Shell Games 2014](#), Citizens for Tax Justice and U.S. PIRG

[The Sorry State of Corporate Taxes](#), Citizens for Tax Justice

[Don’t Renew the Offshore Tax Loopholes](#), Citizens for Tax Justice

[General Electric’s Special Tax Loophole Lets Company Dodge Billions in Taxes](#), Americans for Tax Fairness

[The Fiscal and Economic Risks of Territorial Taxation](#), Center on Budget & Policy Priorities

[Repatriation Tax Holiday Would Lose Revenue and Is a Proven Policy Failure](#), Center on Budget & Policy Priorities

[Corporate Tax Rates And Economic Growth Since 1947](#), Economic Policy Institute

[Corporate Income Tax: Effective Tax Rates Can Differ Significantly from the Statutory Rate](#), U.S. Government Accountability Office

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[Americans for Tax Fairness](#) is a diverse coalition of 425 national and state organizations that collectively represent tens of millions of members. ATF was formed on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs.

State	Walgreens (WAG)	CVS	Rite Aid (RAD)	Market Leader	Last Place	WAG Market Share
FL	861	716	0	WAG	RAD	54.6%
TX	709	588	0	WAG	RAD	54.7%
CA	636	856	581	CVS	RAD	30.7%
IL	612	274	0	WAG	RAD	69.1%
NY	492	471	620	RAD	WAG	31.1%
NC	258	312	224	CVS	RAD	32.5%
TN	257	134	82	WAG	RAD	54.3%
OH	255	317	225	CVS	RAD	32.0%
AZ	252	139	0	WAG	RAD	64.5%
MI	230	248	277	RAD	WAG	30.5%
WI	227	45	0	WAG	RAD	83.5%
MO	216	77	0	WAG	RAD	73.7%
IN	210	296	10	CVS	RAD	40.7%
GA	204	317	187	CVS	RAD	28.8%
NJ	184	278	260	CVS	WAG	25.5%
MA	170	354	149	CVS	RAD	25.3%
CO	161	0	20	WAG	CVS	89.0%
MN	153	57	0	WAG	RAD	72.9%
LA	151	110	64	WAG	RAD	46.5%
VA	141	271	192	CVS	WAG	23.3%
WA	132	0	138	RAD	CVS	48.9%
PA	126	406	537	RAD	WAG	11.8%
PR	118	19	0	WAG	RAD	86.1%
OK	117	53	0	WAG	RAD	68.8%
AL	112	155	93	CVS	RAD	31.1%
SC	111	194	95	CVS	RAD	27.8%
CT	97	149	77	CVS	RAD	30.0%
KY	97	64	116	RAD	CVS	35.0%
NV	84	85	1	CVS	RAD	49.4%
AR	79	1	0	WAG	RAD	98.8%
MS	79	49	26	WAG	RAD	51.3%
MD	75	171	144	CVS	WAG	19.2%
OR	75	0	71	WAG	CVS	51.4%
KS	71	35	0	WAG	RAD	67.0%
IA	69	17	0	WAG	RAD	80.2%
DE	65	12	42	WAG	CVS	54.6%
NM	65	15	0	WAG	RAD	81.3%
NE	57	18	0	WAG	RAD	76.0%
UT	45	1	22	WAG	CVS	66.2%
ID	40	0	13	WAG	CVS	75.5%
NH	31	41	68	RAD	WAG	22.1%
RI	27	60	43	CVS	WAG	20.8%
WV	18	49	104	RAD	WAG	10.5%
HI	16	52	0	CVS	RAD	23.5%

State	Walgreens (WAG)	CVS	Rite Aid (RAD)	Market Leader	Last Place	WAG Market Share
ME	14	22	79	RAD	WAG	12.2%
SD	14	0	0	WAG	CVS	100.0%
MT	12	14	0	CVS	RAD	46.2%
WY	11	0	0	WAG	CVS	100.0%
AK	7	0	0	WAG	CVS	100.0%
DC	5	58	7	CVS	WAG	7.1%
VT	3	4	38	RAD	WAG	6.7%
ND	1	6	0	CVS	RAD	14.3%