



OPPOSE REP. RYAN'S "PATH TO PROSPERITY" BUDGET AND SUPPORT ALTERNATIVE BUDGETS PROMOTING TAX FAIRNESS

April 9, 2014

Dear Representative:

On behalf of the 400 organizations in the [Americans for Tax Fairness coalition](#), I am writing in opposition to the tax reform proposals contained in Rep. Paul Ryan's "Path to Prosperity" Budget, and in support of the tax plans in the alternative budgets proposed by Rep. Chris Van Hollen, the Congressional Black Caucus and the Congressional Progressive Caucus.

Americans for Tax Fairness strongly opposes the tax policies outlined in [Rep. Ryan's budget](#) because they fail three fundamental tests. First, the Ryan tax plan is at best revenue neutral (assuming the \$5.7 trillion in tax cuts it proposes are made up by closing tax loopholes, which seems unlikely). At a minimum, it will not raise any additional revenue to meet our nation's urgent needs and to address our long-term fiscal challenges. Rather, the Ryan budget is very specific in proposing draconian cuts of \$5.1 trillion to investments in education, health care, research, aid to state and local governments and critical safety net programs.

The Ryan budget does not require that wealthy Americans — the richest 2 percent — and corporations pay their fair share of taxes. It would drop the top tax rate on wealthy Americans from 39.6 percent to 25 percent — a tax cut averaging at least \$400,000 a year for millionaires, according to an analysis of last year's similar Ryan budget by the Tax Policy Center (TPC). Ryan's budget proposes to reduce the top corporate income tax rate from 35 percent to 25 percent — a cut of nearly 30 percent that will further undermine our fiscal situation and ability to invest.

Finally, the Ryan plan will promote even more tax avoidance by multinational corporations that ship profits and jobs offshore. It does this by encouraging creation of a territorial tax system, which will set the tax rate on offshore U.S. profits at the rate in the country where they are "earned." This will greatly exacerbate the shifting of production and the shifting of profits to low- or no-cost countries.

There are much better alternatives to the Ryan budget. The [Van Hollen budget](#) will raise much more revenue and use those funds for new investments needed to grow the economy and better protect our families. It will also promote tax fairness by expanding low- and middle-income tax incentives for work and school, including for low-income childless workers.

The [Congressional Black Caucus's budget](#) would raise an additional \$2 trillion in tax revenue and use those funds to restore cuts mandated by the budget sequester, fund a temporary jobs program and undertake an anti-poverty initiative. It provides a range of options for increasing tax fairness — closing tax loopholes, taxing income from investments at the same rate as salaries and wages, enacting a financial transactions tax and more.

The [Congressional Progressive Caucus's "Better Off Budget"](#) would raise enough new revenue to provide \$3.7 trillion for major new investments in education, infrastructure, state and local aid, nutrition, housing and research. It is estimated to create 8.8 million new jobs and to reduce the deficit by \$4 trillion. The CPC budget asks the wealthy and big corporations to contribute their fair share of taxes, and it would end tax subsidies to corporations that shift profits and jobs offshore. **A side-by-side comparing the tax policies in the Ryan and CPC budgets is below.**

We thank you for your consideration and urge you to oppose the Ryan budget based on its regressive tax plan, and to support all of the alternative budgets because of their more progressive tax plans.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Clemente", with a long, sweeping horizontal line extending to the right.

Frank Clemente
Executive Director



CONGRESSIONAL PROGRESSIVE CAUCUS’S “BETTER OFF BUDGET” BEATS REP. PAUL RYAN’S “PATH TO PROSPERITY” BUDGET

The federal budget expresses the priorities of our government and the moral choices of lawmakers. The budgets offered by House Budget Committee Chairman Paul Ryan (R-WI) and the Congressional Progressive Caucus offer stark differences. One would give huge tax breaks to the rich and big corporations – the other would ensure that they pay their fair share of taxes. One would eviscerate services and benefits that protect our families and communities – the other would make new investments to grow the economy and create jobs. Compare these two proposals.

Tax Proposal	Rep. Paul Ryan’s “Path to Prosperity” Budget	Congressional Progressive Caucus’s “Better Off Budget”
Require individuals to pay their fair share of taxes	Drops the tax rate for millionaires from 39.6% to 25% – an average tax break of at least \$400,000 a year. A similar tax plan proposed by Mitt Romney in 2012 was estimated to <i>increase</i> taxes on middle class families by \$2,000 a year.	Raises tax rates on millionaires and billionaires. Taxes income from stocks at the same rate as wages and salaries. Strengthens the estate tax and makes it more progressive. Caps itemized tax deductions the wealthy can take at the 28% tax rate.
Require corporations to pay their fair share of taxes	Drops the top corporate tax rate from 35% to 25% , which loses \$1.2 trillion over 10 years.	Assesses a modest fee on large banks to cover the cost of future financial failures. Enacts a Wall Street sales tax – a very small tax on Wall Street transactions – to raise \$900 billion and reduce reckless speculation. Ends tax subsidies for excessive CEO pay.
End tax breaks for corporations that ship jobs and profits offshore	Creates a “ territorial ” tax system, with big incentives to ship profits and jobs offshore by lowering the U.S. tax rate on offshore profits.	Ends tax “deferral,” which encourages corporations to shift profits offshore to avoid U.S. taxes. This will raise \$620 billion over 10 years.
Raise revenues to make new investments and reduce the deficit	Proposes \$5.7 trillion in tax cuts over 10 years, mostly benefitting corporations and the wealthy. States it will close loopholes to pay for tax cuts but does not identify any to close.	Raises a total of \$3.4 trillion over 10 years from the wealthy and corporations. Provides details on the loopholes to be closed.
Job Creation and Investments	Cuts \$5.1 trillion over 10 years from the Affordable Care Act, Medicaid, Food Stamps, education, Pell grants and more. Reduces the deficit by \$5 trillion without raising any additional revenue.	Increases investments in infrastructure, state and local aid, nutrition, housing, research and education by \$3.7 trillion over 10 years. Creates 8.8 million jobs by 2017 and reduces the deficit by \$4 trillion over 10 years.

Sources:

Rep. Paul Ryan’s FY2015 Budget Plan, [The Path to Prosperity](#)

Congressional Progressive Caucus, [“Better Off Budget”](#) for FY2015

Tax Policy Center, [FY2014 House Budget Proposal; Impact on Tax Revenue](#), 2014-2023, March 15, 2013. This revenue estimate is based on Rep. Paul Ryan’s FY2014 budget proposal, which appears to be the same as the FY2015 proposal.