

53 National Organizations Opposed to House Tax Extenders Legislation

May 8, 2014

Dear Representative:

Today the House will vote on whether to make *permanent* the first of six tax extenders that the Ways and Means Committee recently approved, largely along a party line vote. The Research and Experimentation (R&E) tax credit (H.R. 4438) will cost \$156 billion from 2014 to 2024 and [all six bills will cost \\$310 billion](#), according to the Joint Committee on Taxation. We strongly urge you to vote NO on all of these measures.

We understand that some of these tax extenders have bipartisan support, including the R&E tax credit. But this is not the time to lend your support to any of them.

All of these tax breaks are not paid for – their cost will be added directly to the deficit. This is the height of hypocrisy – providing \$310 billion of tax breaks to businesses while the House majority demands that any other spending be paid for by cutting other spending.

Providing federal unemployment insurance benefits when long-term unemployment rates are high is an emergency measure that strengthens the economy, yet the House majority has refused to restore these expired benefits because of their relatively small \$10 billion cost. House leaders also required that any increase in spending under the budget sequester deal last December had to be paid for by equal cuts in other spending and offsets. If these are the standards applied to vital services and benefits, surely the same standards should be applied to these six corporate tax breaks.

These tax breaks will put critical investments in jeopardy. Their cost is one-half the [\\$620 billion generated over 10 years](#) when the Bush tax cuts were ended for the richest 1 percent of Americans in the fiscal cliff deal last year. Their cost is nearly double the [\\$170 billion shortfall projected in the Highway Trust Fund through 2024](#), which imperils basic investments for roads, bridges and mass transit. Their cost is nearly eight times the \$39 billion cut to food stamps in the Republican leadership's bill passed by the House last fall.

It is also unacceptable to make permanent a small subset of business tax breaks without considering making permanent other tax extenders and other long-standing tax credits – such as the tax deduction for certain school expenses incurred by teachers and tax relief for people who are taking a loss by selling their homes that have underwater mortgages. There is also the need to make permanent the 2009 improvements to the EITC and Child Tax Credit – failure to do so would push 12 million people, including 7 million children, into poverty or deeper into poverty.

We are especially troubled by two tax extender bills passed on a partisan basis by the Ways and Means Committee that cost \$79 billion, which give tax breaks to companies that ship profits and jobs offshore and benefit a small number of multinational corporations:

- **H.R. 4429, Subpart F Active Financing Exception**, is a tax loophole that lets corporations (primarily financial institutions such as GE Capital, Wall Street banks and insurance companies) avoid paying taxes to any nation on their financial income they earn (or claim to earn) in foreign countries, so long as those profits remain officially offshore.
- **H.R. 4464, Controlled Foreign Corporations (CFC) Look Through Rules**, is a tax loophole that allows U.S. multinationals to create “stateless income,” which is treated, for tax purposes, as earned in a low-tax (or no-tax) country, where the company’s operations may consist only of renting a mailbox, instead of in the countries where the employees and assets are located.

Again, we urge to oppose making permanent all six of these tax extenders recently approved on a partisan basis by the Ways and Means Committee, including the R&E tax credit that you will vote on this week.

Sincerely,

Signers in formation

9to5

Action for the Common Good

AFL-CIO

Alliance for a Just Society

Alliance for Retired Americans

American Federation of Government Employees

American Federation of School Administrators

American Federation of State, County and Municipal Employees

American Federation of Teachers

Americans for Democratic Action

Americans for Tax Fairness ([a coalition of 400 organizations](#))

Campaign for America’s Future

Center for Community Change Action

Center for Effective Government

Center for Popular Democracy

Children’s Defense Fund

Children’s Leadership Council

Coalition of Labor Union Women

Coalition on Human Needs

ColorofChange.org

Community Action Partnership

Community Organizations in Action
Democracy for America
Fair Share
Friends of the Earth
International Association of Machinists and Aerospace Workers
International Brotherhood of Teamsters
International Federation of Professional and Technical Engineers (IFPTE)
Jubilee USA
Main Street Alliance
MomsRising.org
MoveOn.org
National Education Association
National Employment Law Project
National Low Income Housing Coalition
National Organization for Women
National People's Action
National Priorities Project
National Women's Law Center
NETWORK, A National Social Justice Lobby
New Rules for Global Finance
Progressive Change Campaign Committee
Racial and Ethnic Health Disparities Coalition
Responsible Wealth
Service Employees International Union
SMART – Transportation Division
SumofUs
The Leadership Conference on Civil and Human Rights
United for a Fair Economy
USAction
Voices for Progress
Wider Opportunities for Women
Working America