



# WALMART ON TAX DAY

..... How  
Taxpayers  
Subsidize  
America's  
Biggest  
Employer  
and Richest  
Family

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Americans for  
Tax Fairness



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Americans for Tax Fairness  
1726 M Street NW Suite 1100  
Washington, D.C. 20036  
[www.AmericansForTaxFairness.org](http://www.AmericansForTaxFairness.org)

# WALMART ON TAX DAY:

## How Taxpayers Subsidize America's Biggest Employer and Richest Family

### Introduction

On tax day, when millions of American taxpayers and small businesses pay their fair share to support critical public services and the economy, they will also get stuck with a multi-billion dollar tax bill to cover the massive subsidies and tax breaks that benefit the country's largest employer and richest family.

Walmart is the [largest private employer](#) in the United States,<sup>1</sup> with [1.4 million employees](#).<sup>2</sup> The company, which is number one on the [Fortune 500 in 2013](#) and number two on the Global 500,<sup>3</sup> had [\\$16 billion in profits last year](#) on revenues of \$473 billion.<sup>4</sup> The Walton family, which owns more than 50 percent of Walmart shares,<sup>5</sup> reaps [billions in annual dividends](#) from the company.<sup>6</sup> The six Walton heirs are the [wealthiest family in America](#), with a net worth of [\\$148.8 billion](#).<sup>7</sup> Collectively, these six Waltons have [more wealth than 49 million American families](#) combined.<sup>8</sup>

This report finds that the American public is providing enormous tax breaks and tax subsidies to Walmart and the Walton family, further boosting corporate profits and the family's already massive wealth at everyone else's expense. Specifically, our analysis shows that:

Walmart and the Walton family receive **tax breaks and taxpayer subsidies estimated at more than \$7.8 billion a year** – that is enough money to hire 105,000 new public school teachers [See Table 1 for state breakdown].

The annual subsidies and tax breaks to Walmart and the Waltons include the following:

- **Walmart receives an estimated \$6.2 billion annually in mostly federal taxpayer subsidies.** The reason: Walmart pays its employees so little that many of them rely on food stamps, health care and other taxpayer-funded programs. [See Table 2 for state breakdown]
- **Walmart avoids an estimated \$1 billion in federal taxes each year.** The reason: Walmart uses tax breaks and loopholes, including a strategy known as accelerated depreciation that allows it to write off capital investments considerably faster than the assets actually wear out.

- **The Waltons avoid an estimated \$607 million in federal taxes on their Walmart dividends.** The reason: income from investments is taxed at a much lower tax rate than income from salaries and wages.

In addition to the \$7.8 billion in annual subsidies and tax breaks, **the Walton family is avoiding an estimated \$3 billion in taxes** by using specialized trusts to dodge estate taxes – and this number could increase by tens of billions of dollars.

Walmart also benefits significantly from taxpayer-funded public assistance programs that pump up the retailer’s sales. For example, **Walmart had an estimated \$13.5 billion in food stamp sales last year.** [See Table 3 for state breakdown]

### Table of Key Findings

<b>ESTIMATED ANNUAL SUBSIDIES AND TAX BREAKS TO WALMART AND THE WALTON FAMILY</b>	
<b>WALMART</b>	<b>COST TO TAXPAYERS</b>
Cost to taxpayers of Walmart workers relying on public assistance programs due to low wages and benefits (p. 5)	<b>\$6.2 billion</b>
Cost of federal tax breaks benefiting Walmart (p. 5)	<b>\$1 billion</b>
Cost of direct economic development subsidies by state and local governments (p. 6)	<b>\$70 million</b>
<b>WALTON FAMILY</b>	<b>COST TO TAXPAYERS</b>
Cost of preferential tax rate on Walmart dividends claimed by the Walton family (p. 7)	<b>\$607 million</b>
<b>ANNUAL TOTAL \$7.8 billion</b>	
<b>Estimated number of teachers that could be hired with \$7.8 billion (p. 8)</b> <b>105,131</b>	
<b>ESTIMATED ONE-TIME TAX BREAKS TO THE WALTONS</b>	
Cost of tax avoidance by Walton family through use of special estate tax trusts (p. 8)	<b>\$3 billion</b> potential for additional tens of billions
<b>OTHER TAXPAYER-FUNDED BENEFITS TO WALMART</b>	
Estimated annual revenue from food stamp sales (p. 5)	<b>\$13.5 billion</b>

## **U.S. Taxpayers Subsidize Walmart's Low Wages and Low Benefits: \$6.2 Billion a Year (Estimate)**

This \$6.2 billion estimate is based on a study prepared by the [Democratic Staff of the U.S. House Committee on Education and the Workforce](#) in May 2013.<sup>9</sup> The study estimated the cost to Wisconsin's taxpayers of Walmart's low wages and benefits, which often force workers to rely on various public assistance programs. It found that a single Walmart Supercenter cost taxpayers between \$904,542 and \$1.75 million per year, or between \$3,015 and \$5,815 on average for each of 300 workers.<sup>10</sup>

This report takes the mid-point of that range (\$4,415) and multiplies it by Walmart's approximately 1.4 million employees<sup>11</sup> in order to estimate the nationwide cost to taxpayers of Walmart employees' use of public assistance programs. Programs that are included in this estimate include the National School Lunch Program, School Breakfast Program, Section 8 Housing Program, Earned Income Tax Credit, Medicaid, Low Income Home Energy Assistance Program, and the Supplemental Nutrition Assistance Program (SNAP, commonly known as food stamps). Table 2 presents estimates of public assistance costs for Walmart employees by state, which range from \$2.6 million in the District of Columbia to \$682 million in Texas.

Ironically, while Walmart relies on public subsidies to support its employees, the company also makes billions from sales to customers who depend on SNAP and other taxpayer-funded benefits. In February, Walmart executives even [cited cuts to the food stamp program](#) to help explain the company's declining sales.<sup>12</sup> In a subsequent disclosure to shareholders, risk factors cited by Walmart management included downward pressure on revenues from "... changes in the amount of payments made under the [Supplement Nutrition Assistance Plan](#) and other public assistance plans, [and] changes in the eligibility requirements of public assistance plans ..."<sup>13</sup>

Walmart told analysts last year that the company has captured [18 percent of the SNAP market](#).<sup>14</sup> Using that figure, we estimate that the company accounted for \$13.5 billion out of \$76 billion<sup>15</sup> in food stamp sales in 2013. See Table 3 for state-by-state estimates of Walmart's revenue from food stamps and an explanation of the methodology used to derive these estimates.

## **Federal Tax Breaks Let Walmart Save \$1 Billion a Year (Estimate)**

Walmart saved an estimated \$5.1 billion in federal income taxes from 2008 to 2012, or an average of \$1 billion a year, due to federal tax breaks and loopholes, according to [Citizens for Tax Justice](#) (CTJ).<sup>16</sup> Those tax breaks enabled Walmart to lower its federal tax rate from the [statutory rate of 35 percent](#)<sup>17</sup> to an average of 29.1 percent over the five years.

To get this lower tax rate, CTJ notes that Walmart utilized various tax breaks, including a strategy known as “accelerated depreciation,” which allows “companies to write off their capital investments considerably faster than the assets actually wear out.” The report notes that “this ‘accelerated depreciation’ is technically a tax deferral, but so long as a company continues to invest, the tax deferral tends to be indefinite.”<sup>18</sup> The [Center for American Progress has noted](#) that, “Accelerated depreciation in general should be thought of as a multibillion-dollar federal spending program that subsidizes business investments.”<sup>19</sup>

Walmart has consistently used its substantial political power to support cuts in corporate taxes. Currently, Walmart is a member of at least [three business coalitions](#) that lobby Congress to lower corporate tax rates.<sup>20</sup> The company spent more than [\\$41 million lobbying Congress between 2008 and 2013](#) and listed taxes as its top lobbying issue for the last four years.<sup>21</sup>

Testifying before the Senate Finance Committee in 2011, then [Walmart CEO Mike Duke](#) urged the committee to “lower the corporate rate as much as you can, make the tax base as broad as you can, and move to a territorial system as quickly as you can.”<sup>22</sup> A territorial tax system would set the tax rate on offshore U.S. profits at the rate in the country where they are “earned.” This would further incentivize U.S. corporations to [shift production and profits to low- or no-tax countries](#).<sup>23</sup> Walmart recently disclosed that it holds [\\$21.4 billion in undistributed earnings overseas](#), which are not subject to the U.S. corporate income tax until they are brought home.<sup>24</sup> Under a territorial tax system, Walmart would likely get a substantial tax break on that off-shore cash, as well as on its future foreign earnings.

## **Walmart Receives Economic Development Subsidies at the State and Local Level: \$70 Million a Year (Estimate)**

Good Jobs First (GJF) has conducted a thorough review of Walmart’s use of property tax abatements, sales tax rebates, infrastructure and site improvements and other economic development subsidies from state and local governments around the United States.<sup>25</sup> GJF estimates that Walmart has received more than [\\$1.2 billion in economic development subsidies](#) over the last two decades, and that the company [receives \\$70 million in subsidies annually from state and local governments](#).<sup>26</sup>

## **Walton Family Benefits Massively from Preferential Tax Rate for Investment Income: \$607 Million in 2013 (Estimate)**

The Walton family enjoys enormous tax savings because the vast majority of its income comes in the form of capital gains and dividends, which [are taxed at a much lower rate than wage income](#).<sup>27</sup> The Waltons received approximately \$3.1 billion in Walmart dividends alone in 2013.<sup>28</sup> We estimate the tax savings to the Waltons on this income amounts to \$607 million, based on a capital gains tax rate of 20 percent compared with the top marginal tax rate of 39.6 percent on wages and salaries.<sup>29</sup> Because the Waltons have investments other than Walmart, this estimate may significantly understate the savings they derive from the tax preference on investment income. In addition, it is safe to assume that the Waltons' Walmart dividends, and the associated tax savings, will grow over time, given Walmart's unbroken [41-year history of annual dividend increases](#).<sup>30</sup>

## **Walmart's Billionaire Owners Are Working to "Zero Out" Estate Taxes, Saving at Least \$3 Billion (Estimate)**

Our analysis of IRS returns shows that the Waltons have funneled an estimated \$7.5 billion to \$9 billion into 21 "Charitable Lead Annuity Trusts" (or CLATs).<sup>31</sup> This wealth was transferred to the trusts by the late Helen Walton (widow of Walmart co-founder Sam) and the late John Walton (Sam Walton's eldest son) and their estates. CLATs are a type of trust invented by financial planners to take advantage of loopholes in the tax code with the [objective of minimizing gift and estate tax liability](#) when family wealth passes between generations.<sup>32</sup> Among financial planners serving wealthy clients it is widely understood that, under the right conditions, a CLAT can be used to completely eliminate – or ["zero out" – estate and gift taxes on the inter-generational transfer of wealth](#).<sup>33</sup>

[Bloomberg News](#) recently provided a detailed analysis of how this estate tax dodge has worked for the Waltons.<sup>34</sup> Bloomberg concluded from its examination of the tax returns for one of these Walton trusts that the family could indeed be on course to "zero out" the estate tax liability on the assets placed in it. Our analysis of the IRS returns for the 21 Walton CLATs allows us to estimate the amount of tax avoidance available to the Waltons if all of those trusts "zero out" their estate or gift tax liability. Because the federal estate tax is currently 40 percent on estates over \$5.25 million, we estimate that the Treasury could lose more than \$3 billion<sup>35</sup> in estate tax revenues that would otherwise have been imposed on the estimated \$7.5 billion to \$9 billion in assets that were originally transferred to the CLATS.

The Waltons are already the single largest users of the CLAT loopholes, according to Bloomberg,<sup>36</sup> and their use of these loopholes could increase dramatically in the future if the surviving children of Walmart co-founders Sam and Bud Walton establish additional CLATs to transfer some or all of the \$148.8 billion Walton fortune to their descendants. If the relevant loopholes remain in the tax code, the Waltons could potentially avoid tens of billions of dollars in additional gift or estate taxes while providing a massive windfall of unearned wealth to their heirs.

## **Eliminating Walmart Subsidies and Walton Tax Breaks Could Provide Funding for 105,000 Public School Teachers (Estimate)**

Walmart and the Walton family speak often about the [need to improve public education](#).<sup>37</sup> One way to do that would be to provide decent wages and benefits so that Walmart employees do not have to rely on taxpayers for support, thereby leaving more resources available to fund public schools. Another would be for the company and the family to pay their fair share of taxes to help ensure that the nation's schools are adequately funded.

We estimate that 105,131 teachers could be hired nationwide with the estimated \$7.8 billion in tax breaks and public subsidies going to Walmart and the Walton family each year. See Table 1 and the associated endnotes for an explanation of the methodology used to derive this estimate.

The impact of re-directing Walmart tax breaks and subsidies to public education at the state level would be significant. For example, an estimated \$813 million would be available to Texas, where Walmart heir Alice Walton lives – enough to pay for nearly 12,000 additional teachers. In Arizona, the home of Walmart Chairman Rob Walton, the state could hire almost 2,500 additional teachers with the \$176 million that the tax breaks and subsidies cost.

## **Conclusion**

[Polls show](#) that Americans want a tax system that requires large corporations and the wealthy to pay their fair share.<sup>38</sup> This report shows that our current system is anything but fair – rather it provides special treatment to America's biggest corporations and richest families leaving individual taxpayers and small businesses to pick up the tab.

Walmart, the world's largest private employer, and the Walton family, which owns a majority of Walmart shares, benefit from an estimated \$7.8 billion in annual tax breaks, loopholes, and subsidies. The largest share of this windfall – an estimated \$6.2 billion in



subsidies to Walmart – comes in the form of public assistance provided by taxpayers to low-wage Walmart employees. At the same time, Walmart profited from an estimated \$13.5 billion in sales last year to shoppers using SNAP (food stamp) benefits. Meanwhile, the Waltons get more than \$600 million annually in savings from the preferential tax rate on their Walmart dividends. And the Waltons are also using special tax trusts to avoid an estimated \$3 billion in estate taxes – an amount that could grow by tens of billions of dollars in years to come if the family creates more of these trusts.

If, instead of dodging their taxes Walmart and the Waltons paid their fair share, the increased revenues could be used to fund vital public services and reduce the deficit.

**Table 1: Analysis of the Impact of Re-directing \$7.8 Billion in Walmart and Walton Family Subsidies and Tax Breaks to Public Education, by State**

ROW 1: Number of Walmart Employees

ROW 2: Estimated Subsidies and Tax Breaks (\$ Millions)

ROW 3: Estimated New Teachers That Could be Hired by Ending Walmart and Walton Subsidies and Tax Breaks

STATE	ROW 1	ROW 2	ROW 3	STATE	ROW 1	ROW 2	ROW 3
Alabama	35,016	\$178.9	2,638	New Hampshire	7,839	\$41.3	525
Alaska	3,454	\$18.9	204	New Jersey	18,593	\$126.7	1,303
Arizona	32,438	\$176.2	2,498	New Mexico	14,322	\$73.7	1,119
Arkansas	38,901	\$186.6	2,829	New York	37,034	\$262.1	2,462
California	80,460	\$546.9	5,577	North Carolina	52,459	\$280.7	4,320
Colorado	26,325	\$142.4	2,019	North Dakota	4,396	\$22.9	342
Connecticut	9,289	\$59.1	599	Ohio	49,716	\$277.7	3,379
Delaware	4,423	\$24.1	286	Oklahoma	31,692	\$159.1	2,550
D.C.	600	\$5.8	58	Oregon	11,482	\$70.3	846
Florida	97,222	\$526.6	7,930	Pennsylvania	48,871	\$280.1	3,117
Georgia	53,168	\$284.7	3,807	Puerto Rico	14,552	\$82.7	1,881
Hawaii	4,020	\$24.8	322	Rhode Island	2,493	\$16.3	182
Idaho	7,026	\$39.1	555	South Carolina	28,662	\$150.3	2,218
Illinois	50,341	\$287.1	3,434	South Dakota	4,808	\$25.4	454
Indiana	36,923	\$196.0	2,692	Tennessee	38,470	\$202.4	2,963
Iowa	16,557	\$88.6	1,215	Texas	154,471	\$813.3	11,952
Kansas	19,937	\$102.6	1,528	Utah	16,422	\$86.9	1,244
Kentucky	28,454	\$147.7	2,075	Vermont	911	\$7.2	97
Louisiana	33,621	\$171.6	2,362	Virginia	41,950	\$226.5	3,210
Maine	7,436	\$39.5	581	Washington	19,350	\$120.2	1,586
Maryland	18,573	\$111.6	1,209	West Virginia	11,959	\$62.1	947
Massachusetts	12,252	\$87.6	863	Wisconsin	28,641	\$155.3	1,990
Michigan	31,076	\$187.0	2,148	Wyoming	4,574	\$23.1	282
Minnesota	20,997	\$119.8	1,505				
Mississippi	22,321	\$113.6	1,912	<b>TOTAL:</b>	Employees: 1,404,925		
Missouri	40,374	\$208.6	3,104		Subsidies: \$7.8 Billion		
Montana	5,096	\$27.6	390		<b>Teachers: 105,131</b>		
Nebraska	11,207	\$58.8	850				
Nevada	14,251	\$76.8	971				

## Table 2: Estimated Annual Cost of \$6.2 Billion in Public Assistance for Walmart Employees, by State

ROW 1: Number of Walmart Employees

ROW 2: Estimated Cost of Public Assistance for Walmart Employees, by State (\$ Millions)

The methodology used to derive these estimates is described in the section of this report titled "U.S. Taxpayers Subsidize Walmart's Low Wages and Low Benefits" and in Endnotes 9 to 11.

STATE	ROW 1	ROW 2	STATE	ROW 1	ROW 2
Alabama	35,016	\$154.6	New Hampshire	7,839	\$34.6
Alaska	3,454	\$15.2	New Jersey	18,593	\$82.1
Arizona	32,438	\$143.2	New Mexico	14,322	\$63.2
Arkansas	38,901	\$171.8	New York	37,034	\$163.5
California	80,460	\$355.2	North Carolina	52,459	\$231.6
Colorado	26,325	\$116.2	North Dakota	4,396	\$19.4
Connecticut	9,289	\$41.0	Ohio	49,716	\$219.5
Delaware	4,423	\$19.5	Oklahoma	31,692	\$139.9
D.C.	600	\$2.6	Oregon	11,482	\$50.7
Florida	97,222	\$429.2	Pennsylvania	48,871	\$215.8
Georgia	53,168	\$234.7	Puerto Rico	14,552	\$64.2
Hawaii	4,020	\$17.7	Rhode Island	2,493	\$11.0
Idaho	7,026	\$31.0	South Carolina	28,662	\$126.5
Illinois	50,341	\$222.3	South Dakota	4,808	\$21.2
Indiana	36,923	\$163.0	Tennessee	38,470	\$169.8
Iowa	16,557	\$73.1	Texas	154,471	\$682.0
Kansas	19,937	\$88.0	Utah	16,422	\$72.5
Kentucky	28,454	\$125.6	Vermont	911	\$4.0
Louisiana	33,621	\$148.4	Virginia	41,950	\$185.2
Maine	7,436	\$32.8	Washington	19,350	\$85.4
Maryland	18,573	\$82.0	West Virginia	11,959	\$52.8
Massachusetts	12,252	\$54.1	Wisconsin	28,641	\$126.5
Michigan	31,076	\$137.2	Wyoming	4,574	\$20.2
Minnesota	20,997	\$92.7			
Mississippi	22,321	\$98.5			
Missouri	40,374	\$178.3			
Montana	5,096	\$22.5			
Nebraska	11,207	\$49.5			
Nevada	14,251	\$62.9			
			<b>TOTAL:</b>	Employees: 1,404,925	<b>Cost: \$6.2 Billion</b>

**Table 3: Estimated \$13.5 Billion in 2013 Walmart Revenue from Food Stamps, by State**

ROW 1: SNAP Enrollment (Thousands)  
 ROW 2: Average Monthly Food Stamp Benefit Per Person  
 ROW 3: Estimated Annual Walmart SNAP Sales (\$ Millions)

An explanation of the methodology used to construct this table is available on page 13.

STATE	ROW 1	ROW 2	ROW 3	STATE	ROW 1	ROW 2	ROW 3
Alabama	908.2	\$127.2	\$249.6	New Hampshire	112.9	\$118.7	\$28.9
Alaska	87.3	\$170.0	\$32.1	New Jersey	877.2	\$133.3	\$252.5
Arizona	1,052.6	\$126.5	\$287.7	New Mexico	423.1	\$128.2	\$117.1
Arkansas	496.7	\$121.7	\$130.6	New York	3,158.4	\$147.5	\$1,005.9
California	4,295.5	\$149.1	\$1,382.9	North Carolina	1,583.2	\$121.4	\$415.0
Colorado	504.6	\$137.1	\$149.4	North Dakota	53.6	\$128.5	\$14.9
Connecticut	437.1	\$143.9	\$135.9	Ohio	1,800.0	\$138.6	\$538.9
Delaware	152.1	\$127.4	\$41.8	Oklahoma	624.6	\$128.4	\$173.2
D.C.	143.2	\$137.7	\$42.6	Oregon	802.2	\$128.2	\$222.2
Florida	3,522.2	\$139.0	\$1,057.3	Pennsylvania	1,788.7	\$128.4	\$496.2
Georgia	1,778.5	\$135.9	\$522.1	Rhode Island	179.3	\$139.5	\$54.0
Hawaii	194.6	\$213.7	\$89.8	South Carolina	855.9	\$131.4	\$242.9
Idaho	216.2	\$129.2	\$60.3	South Dakota	101.4	\$132.8	\$29.1
Illinois	2,016.9	\$139.5	\$607.5	Tennessee	1,318.5	\$132.2	\$376.5
Indiana	908.7	\$132.5	\$260.0	Texas	3,916.1	\$124.0	\$1,048.5
Iowa	413.5	\$121.2	\$108.3	Utah	230.3	\$121.8	\$60.6
Kansas	307.5	\$125.1	\$83.1	Vermont	98.6	\$121.9	\$26.0
Kentucky	840.0	\$127.4	\$231.2	Virginia	935.6	\$128.0	\$258.7
Louisiana	891.3	\$136.1	\$262.0	Washington	1,082.6	\$126.7	\$296.3
Maine	235.8	\$124.2	\$63.2	West Virginia	354.8	\$120.2	\$92.1
Maryland	788.4	\$128.5	\$218.8	Wisconsin	838.9	\$116.6	\$211.3
Massachusetts	877.0	\$132.5	\$251.0	Wyoming	37.7	\$125.6	\$10.2
Michigan	1,692.7	\$135.8	\$496.7	Montana	125.5	\$127.8	\$34.6
Minnesota	549.6	\$116.0	\$137.7				
Mississippi	664.9	\$123.8	\$177.8				
Missouri	881.2	\$128.5	\$244.7				
Montana	125.5	\$127.8	\$34.6				
Nebraska	178.6	\$122.4	\$47.2				
Nevada	370.5	\$123.4	\$98.7				
				<b>TOTAL:</b>			<b>Walmart SNAP Sales \$13.5 Billion</b>

## Methodological Notes to the Tables

### Table 1

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*Walmart Employees by State:* [Walmart employment by state](#) is taken from the company's website.<sup>39</sup> Note that the employee counts for Arkansas and California were reduced by 1,000 and 1,500, respectively for the reasons described in Endnote 11.

*Estimated Walmart/Walton Subsidies and Tax Breaks:* In order to allocate the estimates of total costs to the states we calculated and summed two categories of subsidies and tax breaks:

- 1) State-level allocation of the estimated \$6.2 billion cost of public assistance to Walmart employees (see Table 2 for this data). The methodology for allocating this cost to the states is described in the section of this report titled "U.S. Taxpayers Subsidize Walmart's Low Wages and Low Benefits" and in Endnotes 9 to 11; and
- 2) State-level allocation of the remaining estimated \$1.6 billion in Walmart and Walton family public subsidies and tax breaks, based on the state share of national population.<sup>40</sup>

*Estimated Number of New Teachers by State by Ending Walmart and Walton Subsidies and Tax Breaks:* The estimated total annual cost of subsidies and tax breaks in each state was divided by the estimated cost of hiring an additional teacher in that state.<sup>41</sup>

### Table 3

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Walmart [told analysts](#) in 2013 that it estimated the company receives 18 percent of the SNAP market.<sup>42</sup> To calculate Walmart's state-level food stamp revenues we multiplied state SNAP enrollment figures by the state cost per enrollee for SNAP and multiplied the result by 18 percent. We used December, 2013 SNAP [enrollment figures from the USDA](#)<sup>43</sup> and average monthly [cost per enrollee data](#) from the Kaiser Family Foundation.<sup>44</sup> Our estimates assume that Walmart's 18 percent share of the food stamp market was distributed evenly across the states.

## Endnotes

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<sup>1</sup>Alexander E.M. Hess, "The 10 largest employers in America," *USA Today* (August 22, 2013). <http://www.usatoday.com/story/money/business/2013/08/22/ten-largest-employers/2680249/>

<sup>2</sup>Wal-Mart Stores, Inc., Form 10-K (filed March 21, 2014), p. 13. <http://www.sec.gov/Archives/edgar/data/104169/000010416914000019/wmtform10-kx13114.htm>

<sup>3</sup>*Fortune*, "Global 500: Walmart" (Retrieved April 2, 2014). [http://money.cnn.com/magazines/fortune/global500/2013/snapshots/2255.html?iid=G500\\_sp\\_list](http://money.cnn.com/magazines/fortune/global500/2013/snapshots/2255.html?iid=G500_sp_list)

<sup>4</sup>Wal-Mart Stores, Inc. "Walmart reports Q4 underlying EPS of \$1.60, Fiscal 2014 underlying EPS of \$5.11" (Feb. 20, 2014). <http://news.walmart.com/news-archive/investors/2014/02/20/walmart-reports-q4-underlying-eps-of-160-fiscal-2014-underlying-eps-of-511>

<sup>5</sup>This calculation of Walton family share ownership is derived from Wal-Mart Stores, Inc., Proxy Statement (filed April 22, 2013), p. 67. [http://www.sec.gov/Archives/edgar/data/104169/000130817913000238/lwalmart\\_def14a.htm](http://www.sec.gov/Archives/edgar/data/104169/000130817913000238/lwalmart_def14a.htm)

<sup>6</sup>Shelly Banjo, "At Walmart, Maturity Means Fat Dividends," *Wall Street Journal* (June 1, 2012). <http://online.wsj.com/news/articles/SB10001424052702303552104577440144281187990>

<sup>7</sup>Forbes, "The World's Billionaires" (Accessed March 3, 2014). [http://www.forbes.com/billionaires/list/#tab:overall\\_search:walton](http://www.forbes.com/billionaires/list/#tab:overall_search:walton); Megan Willett and Mike Nudelman, "Meet the Waltons: A Guide to America's Wealthiest Family," *Business Insider* (Oct. 9, 2013). <http://www.businessinsider.com/meet-the-waltons-wal-mart-family-tree-2013-10>

<sup>8</sup>Politifact Wisconsin, "Just How Wealthy is the Walton Family?" (November 27, 2013). <http://www.politifact.com/wisconsin/statements/2013/dec/08/one-wisconsin-now/just-how-wealthy-wal-mart-walton-family/>. Jesse Bricker, Arthur B. Kennickell, Kevin B. Moore, and John Sabelhaus, "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 98, no 2, (February 2012), pp. 1-80. <http://www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf> (The Politifact Wisconsin story rates as true the claim that the Waltons have as much wealth as 41.5 percent of American families. Bricker et al report that the total number of families represented in the 2010 Survey of Consumer Finances upon which this claim was based is 117.6 million; 41.5 percent of 117.6 million is 48.8 million).

<sup>9</sup>Democratic Staff of the U.S. House Committee on Education and the Workforce, "Walmart's low wages and their effect on taxpayers and economic growth" (May 2013). <http://democrats.edworkforce.house.gov/sites/democrats.edworkforce.house.gov/files/documents/WalMartReport-May2013.pdf>

<sup>10</sup>The Committee's report describes the challenge of extrapolating this way: "Because of varying program eligibility requirements across states, extrapolating taxpayer costs for Wal-Mart stores in other states based on the Wisconsin data is difficult. Wisconsin's poverty rate stands well under the national average, so it would be reasonable to assume that the households of Wal-Mart employees in other states would be more likely to qualify for public assistance. On the other hand, Wisconsin's Medicaid program eligibility requirements are more inclusive than other states', meaning Wal-Mart employees in other states could find themselves ineligible for Medicaid while their Wisconsin counterparts of equivalent incomes would be eligible."

<sup>11</sup>For the number of U.S.-based Walmart employees, we totaled the number of employees from U.S. states on [Walmart's website](#) (accessed March 29, 2014). The report from the U.S. House Committee on Education and the Workforce, referenced in Endnote 9, uses total employees in Wisconsin. For Arkansas and California, the employee totals were adjusted slightly to take into account the estimated number of employees in Walmart's Home Office in Arkansas ([10,000 employees were subtracted](#) from the total) and California-based eCommerce operations ([1,500 employees were subtracted from the total](#)). This made the total U.S. employees: 1,405,425. The source for

the 10,000 employees at Home Office is <http://www.thecitywire.com/node/31462> and the source for the estimated 1,500 employees in Silicon Valley e-commerce is: <http://www.wired.com/2013/03/why-walmart-wants-to-be-a-startup/>

<sup>12</sup> Seeking Alpha, "Walmart Stores' CEO Discusses F4Q 2014 Results – Earnings Call Transcript" (Feb. 20, 2014). <http://seekingalpha.com/article/2034103-walmart-stores-ceo-discusses-f4q-2014-results-earnings-call-transcript?part=single>

<sup>13</sup> Wal-Mart Stores, Inc., Form 10-K (filed March 21, 2014), p.3. <http://www.sec.gov/Archives/edgar/data/104169/000010416914000019/wmtform10-kx13114.htm>

<sup>14</sup> Shelly Banjo and Annie Gasparro, "Retailers Brace for Reduction in Food Stamps: Expiration of Added Benefits Will Remove \$11 Billion in Aid Over Three Years," *The Wall Street Journal* (Nov. 4, 2013). [http://online.wsj.com/news/articles/SB10001424052702303843104579168011245171266?mod=djemITP\\_h](http://online.wsj.com/news/articles/SB10001424052702303843104579168011245171266?mod=djemITP_h); Kim Souza, "Wal-Mart downplays SNAP cuts (Updated)," *CityWire* (October 16, 2013). <http://www.thecitywire.com/node/30090>

<sup>15</sup> United States Department of Agriculture Food and Nutrition Program, "Supplemental Nutrition Assistance Program Participation and Costs" (Retrieved April 4, 2014). <http://www.fns.usda.gov/pd/snapssummary.htm>

<sup>16</sup> Citizens for Tax Justice and the Institute on Taxation and Economic Policy (CTJ/ITEP), *Sorry State of Corporate Taxes: What Fortune 500 Firms Pay (or Don't Pay) in the USA and What They Pay Abroad 2008-2012* (February 2014). <http://www.ctj.org/corporatetaxdodgers/sorrystateofcorptaxes.pdf>

<sup>17</sup> Tax Policy Center, "Business Taxation: What are the statutory and effective corporate tax rates?" (July 9, 2008). <http://www.taxpolicycenter.org/briefing-book/key-elements/business/statutory.cfm>

<sup>18</sup> CTJ/ITEP, pp. 12 and 79.

<sup>19</sup> Center for American Progress, "Tax Expenditure of the Week: Accelerated Depreciation" (March 23, 2011). <http://www.americanprogress.org/issues/open-government/news/2011/03/23/9370/tax-expenditure-of-the-week-accelerated-depreciation/>

<sup>20</sup> Kelsey Snell, "Corporate Tax Reform Dead? Don't tell these corporate groups," *Politico* (February 5, 2014) <http://www.politico.com/story/2014/02/tax-reform-corporate-groups-103153.html>

<sup>21</sup> Center for Responsive Politics, Lobbying Disclosure (Accessed April 7, 2014). <http://www.opensecrets.org/lobby/firmsum.php?id=D000000367&year=2013>

<sup>22</sup> Mike Duke, Testimony before the Senate Finance Committee on Corporate Tax Reform (July 26, 2011). <http://news.walmart.com/executive-viewpoints/mike-duke-senate-finance-committee-testimony>

<sup>23</sup> Chye-Ching Huang, Chuck Marr, and Joel Friedman, "The Fiscal and Economic Risks of Territorial Taxation," Center on Budget and Policy Priorities (January 31, 2013). <http://www.cbpp.org/cms/?fa=view&id=3895>

<sup>24</sup> Wal-Mart Stores, Inc., Form 10-K Exhibit 13 (filed March 21, 2014), p. 47. <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=112761&fid=9351219>

<sup>25</sup> Good Jobs First, *Walmart Subsidy Watch* (Retrieved March 28, 2014). <http://www.walmartsubsidywatch.org/>

<sup>26</sup> Good Jobs First, "Shifting the Burden for Vital Public Services: Walmart's Tax Avoidance Schemes" (February 2011), p. 12. [http://www.goodjobsfirst.org/sites/default/files/docs/pdf/walmart\\_shiftingtheburden.pdf](http://www.goodjobsfirst.org/sites/default/files/docs/pdf/walmart_shiftingtheburden.pdf)

<sup>27</sup> United for a Fair Economy, "Ending Special Tax Breaks for Capital Gains & Dividends" (Retrieved April 7, 2014). [http://www.faireconomy.org/wealth\\_vs\\_work](http://www.faireconomy.org/wealth_vs_work)

<sup>28</sup> This estimate is based on Walton family share ownership reported to the Securities and Exchange Commission and Walmart's announced dividend for Fiscal Year 2015. For share ownership see: Wal-Mart Stores, Inc., Schedule 13G/A (Filed Feb. 11 2014). <http://www.sec.gov/Archives/edgar/data/104169/000119312514045720/d672680dsc13ga.htm>. For Walmart's FY 2014 dividend, see Wal-Mart Stores, Inc., "Walmart increases annual dividend 18 percent to \$1.88 per share" (February 21, 2013). <http://news.walmart.com/news-archive/2013/02/21/walmart-increases-annual-dividend-18-percent-to-188-per-share>

<sup>29</sup> In order to estimate annual Walton tax savings from the preferential tax rate on Walmart dividends, \$3.1 billion was multiplied by 19.6 percent – the difference between the top tax rate on wage income (39.6 percent) and the

top tax rate on long-term capital gains and qualified dividends (20 percent). (The income is also subject to the Hospital Insurance tax at a rate of 3.8 percent regardless of how it is taxed under the personal income tax.)

<sup>30</sup>Wal-Mart Stores, Inc., "Walmart raises annual dividend to \$1.92 per share, representing the 41st consecutive year of dividend increases" (February 20, 2014). <http://news.walmart.com/news-archive/2014/02/20/walmart-raises-annual-dividend-to-192-per-share-representing-the-41st-consecutive-year-of-dividend-increases>

<sup>31</sup>This estimate of the value of the assets transferred to the trusts was determined by examining IRS returns (Form 5227) filed by the Walton CLATs from 2007 to 2012. Bloomberg offers an estimate of \$9 billion (see Mider, Endnote 34).

<sup>32</sup>Zachary R. Mider and Alex Tribou, "How to Preserve a Family Fortune Through Tax Tricks," *Bloomberg News* (September 12, 2013). <http://www.bloomberg.com/infographics/2013-09-12/how-to-preserve-a-family-fortune-through-tax-tricks.html>

<sup>33</sup>Perkins Coie, "Gifts to Charitable Lead Trusts Another Tax Advantaged Way to Give Property" (Feb. 15, 2011). <http://www.perkinscoie.com/gifts-to-charitable-lead-trusts-another-tax-advantaged-way-to-give-property-july-28-2006-07-28-2006/>

<sup>34</sup>Zachary R. Mider, "How Wal-Mart's Waltons Maintain Their Billionaire Fortune," *Bloomberg* (September 12, 2013). <http://www.bloomberg.com/news/2013-09-12/how-wal-mart-s-waltons-maintain-their-billionaire-fortune-taxes.html>. While the details are rather complicated, the loophole works by allowing the Waltons to direct some of the CLATs' investment income to a tax-exempt entity of their choice (in this case, the family-controlled Walton Family Foundation). Over the life of the trust, if the total of those guaranteed payments is at least equal to the original value of assets placed in the trust, what remains of the original assets plus any additional income earned by the trusts will eventually go, free of gift or estate tax, to the CLATs' non-charitable beneficiaries (presumably, members of the Walton family). The IRS adjusts the amount of the charitable payments required to obtain these estate tax benefits based on interest rates at the time the CLAT is established. By setting up the CLATs when interest rates were low, the Waltons increased the likelihood that the trusts' assets will appreciate at a rate sufficient to make the required charitable payments and also transfer at least as much value to the non-charitable beneficiaries as was originally placed in the trusts.

<sup>35</sup>We arrived at this estimate of estate tax avoidance by multiplying 40 percent (the estate tax rate) by \$7.49 billion (the lower end of our estimate of the assets transferred to the trusts less the \$5.25 million federal allowance), which yielded a result of \$2.99 billion.

<sup>36</sup>See Zachary R. Mider, Endnote 34

<sup>37</sup>The Walton Family Foundation, *Education Reform* (Retrieved April 7, 2014). <http://www.waltonfamilyfoundation.org/educationreform>

<sup>38</sup>Hart Research Associates (October 2013) <http://www.americansfortaxfairness.org/polls/2013/11/08/atf-oct-2013-polling-materials/>

<sup>39</sup>Wal-Mart Stores, Inc. "Our Story: United States" (Retrieved April 10, 2014). <http://corporate.walmart.com/our-story/our-business/locations/#/united-states>

<sup>40</sup>State population shares derived from: U.S. Census Bureau, Population Division, "Table 1. Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2012 (NST-EST2012-01)" (Released December 2012). <http://www.census.gov/popest/data/state/totals/2012/tables/NST-EST2012-01.xls>

<sup>41</sup>We estimated the number of new teachers that could be hired in each state by dividing the total Walmart and Walton subsidies and tax breaks allocated to the state by the estimated annual cost of a public school teacher in that state. In order to estimate the annual cost of a teacher by state we used state-level teacher salary data [see National Education Association, "Rankings and Estimates: Rankings of the States 2012 and Estimates of School Statistics 2013" (December 2012)]. We adjusted the salary data upward to account for the fact that salary constitutes just 70.7 percent of the annual cost of a public school teacher [see Bureau of Labor Statistics, "Employer Costs for Employee Compensation – December 2013" (March 12, 2014). <http://www.bls.gov/news.release/pdf/ecec.pdf>]. Note: The NEA report does not include salary data for Puerto Rico so the estimated salary for teachers



in Puerto Rico was based on the U.S. Bureau of Labor Statistics figure for Secondary School Teachers (see [http://www.bls.gov/oes/2012/may/oes\\_pr.htm](http://www.bls.gov/oes/2012/may/oes_pr.htm)).

<sup>42</sup> Kim Souza, "Wal-Mart downplays SNAP cuts (Updated)," *CityWire* (October 16, 2013). <http://www.thecitywire.com/node/30090>

<sup>43</sup> United States Department of Agriculture, "Supplemental Nutrition Assistance Program: Number of Persons Participating (Data as of April 4, 2014)" (Retrieved April 10, 2014). <http://www.fns.usda.gov/pd/29snapcurrpp.htm>

<sup>44</sup> Kaiser Family Foundation, "Average Monthly Food Stamp Benefits Per Person (FY2012)" (Retrieved April 10, 2014). <http://kff.org/other/state-indicator/avg-monthly-food-stamp-benefits/>