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Tax Coalition Urges Opposition to Delaney-Yoho  
Infrastructure 2.0 Act

Bill would be a tax giveaway to multinational corporations that have been  
dodging U.S. taxes by holding profits offshore

WASHINGTON, D.C.—Today, Americans for Tax Fairness urged members of Congress to oppose  
the Infrastructure 2.0 Act because it would underfund infrastructure projects while  
exacerbating the problem of offshore corporate tax avoidance.

In a letter to members of Congress, ATF Executive Director Frank Clemente wrote that the  
proposal “has the worthy goals of funding sorely needed infrastructure investments while ending  
rampant corporate offshore tax dodging. Unfortunately, it fails to achieve either goal.”

Among the bill’s flaws, it would:

- Collect a small fraction of the taxes currently owed on $2.5 trillion in profits  
corporations have stashed offshore, thereby shortchanging critical infrastructure  
investments.
- Repeat the failed “offshore tax holiday” of 2004 that resulted primarily in stock  
buybacks, with little new investment and steep job losses.
- Perpetuate a dual tax system in which multinational corporations can use accounting  
maneuvers to shift profits offshore, mostly to tax havens, thereby paying much lower  
tax rates than domestic corporations and small businesses.

The Infrastructure 2.0 Act was introduced by Rep. John Delaney (D-Md.) as H.R. 625 in the 114th  
Congress. Rep. Delaney sent a Dear Colleague yesterday announcing his intention to  
reintroduce the bill with Rep. Ted Yoho (R-Fla.).

Currently, American corporations owe U.S. taxes on their worldwide profits. However, the  
“deferral” tax loophole allows payment of those taxes to be indefinitely delayed on profits  
booked offshore.

Delaney’s bill would execute a “deemed repatriation” on the $2.5 trillion in existing offshore  
corporate profits, requiring corporations to pay an effective 8.75% tax rate. That’s lower than  
the 10% rate President Trump proposed in his corporate tax plan.

“This low rate would raise just $170 billion. That’s far less than the estimated $700 billion  
corporations owe under current law on their $2.5 trillion in offshore profits. Delaney would  
abandon over half a trillion dollars in revenue when America’s civil engineers say we need $3.6 trillion in infrastructure investments.
trillion over the next few years to adequately restore our crumbling infrastructure,” Clemente wrote.

This unwarranted tax giveaway will disproportionately benefit some of America’s biggest and most profitable corporations. Just four companies hold one quarter of all offshore corporate profits—Apple, Pfizer, Microsoft and General Electric. Fifty corporations hold three-quarters of the profits.

In the 2004 repatriation tax holiday, Congress deeply cut the tax rate on existing offshore corporate profits to 5.25% to encourage corporations to bring the money home and stimulate the economy. Subsequent research summarized by the Congressional Research Service found that the experiment was a failure, with most U.S. corporations failing to increase their domestic investments.

In fact, many of the corporations that brought home the most cash cut their workforce. Pfizer, for instance, brought home $37 billion, and then over the next few years laid off 10,000 workers. Instead of hiring and investing, 92% of the corporate profits brought back under the tax holiday went to shareholders through stock buybacks and dividends.

“There is a right way to reform the international corporate tax system. Congress should end deferral of taxes on profits booked offshore. Tax rates should be the same and taxes should be paid regularly regardless of where companies make their money—no more favoring multinationals over small businesses and domestic firms. Congress should close loopholes that allow multinationals to shift profits from their U.S. operations to offshore tax havens,” Clemente wrote.

For the full letter, please click here.

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Americans for Tax Fairness is a diverse coalition of 425 national and state endorsing organizations that collectively represent tens of millions of members. The organization was formed on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs. ATF is playing a central role in Washington and in the states on federal tax-reform issues.

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