



EDITORIAL BOARD MEMO

To: Editors and Columnists

From: Frank Clemente, Executive Director, Americans for Tax Fairness

Date: April 13, 2018

TAX DAY: A CHANCE TO EDITORIALIZE ON THE EFFECTS OF THE TRUMP TAX CUTS ON YOUR STATE & FAMILIES

A new website and a report show how much corporations are sharing their Trump tax cuts with workers and how healthcare and public services in your state are at risk from the Trump tax cuts

Washington, D.C. – Historic tax legislation was enacted in Congress less than four months ago and as Tax Day approaches on April 17, we encourage you to use it as an occasion to assess the effects of the measure on businesses, employees and families in your state. To aid in that effort, Americans for Tax Fairness has prepared two new major resources:

- [“Trump Tax Cut Truths,”](#) a website detailing what American corporations are doing with their tax cuts. It includes searchable data on more than 830 corporations and reports on how many workers have gotten bonuses or wage hikes, how many companies have increased compensation to employees, how much are companies expected to get in tax cuts and spend on stock buybacks that largely CEOs and wealthy shareholders, and how many job cuts and new investments have been announced.
- A report showing how health care and other vital public services are much less secure for working families in your state (link to all [50 state reports here](#)) due to the \$1.5 trillion in tax cuts enacted late last year, which are heavily skewed to the wealthy and corporations and are exploding the national debt thereby endangering future funding for Medicare, Medicaid, Social Security and education.

TRUMP TAX CUT TRUTHS WEBSITE

President Trump and Republican leaders in Congress sold the corporate tax cuts by telling workers that they would benefit from the “trickle down” effect. The administration went so far as to claim that workers would get a [pay hike of at least \\$4,000](#).

Despite a coordinated PR blitz meant to convince the public that businesses are passing along their tax-cut bonanzas to employees, the reality is that most of the tax cuts are going where many economists had predicted: into the pockets of rich CEOs and other wealthy shareholders. The following are key findings available on ATF’s [Trump Tax Cut Truths website](#) as of April 13 (note data may change as it is dynamically updated when new information is added):

- Only **4% of employees**—6.3 million workers out of nearly 148 million—have been promised either a one-time bonus or a wage hike by their employer.
- Only **383 of the nation’s 26 million businesses** have announced any plans to share the wealth from their tax cuts with workers through bonuses or wage increases.

- Corporations are getting **9 times** as much in tax cuts as they are giving to workers in one-time bonuses and wage hikes. 126 companies have been identified as receiving \$60.8 billion in total tax cuts compared with \$6.5 billion in one-time bonuses and wage hikes identified as going to workers.
- Corporations are spending **37 times** as much on stock buybacks as they are spending on workers' bonuses and wage hikes. Authorizations for stock buybacks, which overwhelmingly benefit the CEO's and other wealthy shareholders, have increased by \$238 billion since the tax law was passed, while workers are getting \$6.5 billion in one-time bonuses and wage increases.

A report providing the website's key findings and stories about what 20 corporations are doing with their tax cuts is [available here](#).

American corporations have in recent years enjoyed near record-high profits while paying [near record-low taxes](#). Yet the central goal of the Trump-GOP tax law was to reduce their taxes even more. It cuts the corporate tax rate by nearly two-fifths, from 35% down to 21%. It [exempts a big part of U.S. firms' foreign profits](#) from U.S. taxation altogether, and taxes the rest at half the domestic rate, giving American companies a strong incentive to shift profits and jobs offshore. And it offers a [\\$400 billion tax discount](#) on the \$2.6 trillion in untaxed profits corporations have been storing up offshore while lobbying for just such a partial tax amnesty.

REPORT: NEW TAX LAW BENEFITS HEALTH CARE INDUSTRY, ENDANGERS VITAL SERVICES FOR [YOUR STATE'S] WORKING FAMILIES

ATF has prepared reports for all 50 states, [downloadable here](#). The data in the reports is customized to provide the following information using Pennsylvania as the case example:

The Trump-GOP tax cuts put the interests of the wealthy and corporations over those of working families and local communities:

- The *richest 1%* of Pennsylvania taxpayers will get 27% of the state's total tax cut. The bottom 60% of taxpayers will get just 12% of the tax cuts.
- The richest 1% will get a tax cut of \$53,580, on average. The bottom 60% will get a tax cut of \$400—about a dollar a day.

Prescription drug companies and health insurers will reap tens of billions of dollars in tax savings under the new tax law, but few are sharing the wealth with their workers, and none are planning to cut their drug or insurance prices:

- Among the top 10 U.S. drug companies just **Merck and Pfizer** have said that they will share any of their new tax cuts with employees in the form of one-time bonuses, wage increases or fringe benefits.
- Of the 10 biggest health insurance and managed-care companies just three—**Anthem, Cigna** and **Humana**—have said that they will share any of their new tax cuts with employees.

To pay for their \$1.5 trillion in tax cuts that mostly benefit the wealthy and corporations, President Trump and the GOP Congress have targeted vital public programs, particularly health care, for service reductions:

- **The new tax law reaps \$314 billion in savings by repealing a key part of the Affordable Care Act (ACA), resulting in higher premiums and millions losing coverage.** By eliminating the requirement that those who can afford it buy health insurance, the GOP will be responsible for

13 million Americans losing coverage by 2027 and insurance premiums spiking by 10%, or \$2,000, on average in 2019 for the remaining insured who buy policies on the individual market.

- **In his proposed budget for next year, Trump proposes more than \$1.7 trillion in spending cuts. This would slash services that Pennsylvania working families rely on:**
 - **Health care:** 505,000 fewer residents will have health coverage by 2025 due to the repeal of the ACA requirement to buy health insurance. Insurance premiums will be \$2,300 higher in 2019 for Pennsylvania families buying unsubsidized insurance through the individual market. The Trump budget goes much further by completely repealing the ACA, which would cause 1,066,000 people in Pennsylvania to lose their health coverage by 2027.
 - **Supplemental Nutritional Assistance Program (SNAP, or food stamps):** Trump's cuts to food stamps could cost 212,648 Pennsylvania households their benefits in 2019 and 232,745 households could lose benefits by 2028.
 - **Disability programs:** Trump cuts a total of \$72 billion over 10 years from Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). Pennsylvania could lose \$3,326,333,957 based on its share of spending.
 - **Infrastructure:** Trump proposes cuts of \$240 billion over 10 years to infrastructure programs. Pennsylvania could lose \$4,147,753,326 from highway funding and \$1,825,773,077 from transit funding between 2021 and 2027. These cuts could mean the loss of 74,669 Pennsylvania "job years" (one job for one year) over this time.
 - **Education:** Trump's budget eliminates federally-subsidized student loans, which could affect many of the 299,948 Pennsylvania college students who received \$1,157,173,108 in aid last year.
 - **Affordable housing:** 6,904 Pennsylvania families could next year lose the housing vouchers that help them afford rent in private housing. \$210,121,261 could be cut in 2019 from a fund to repair and upgrade public housing facilities in our state. The HOME Investment Partnerships Program would be eliminated, costing Pennsylvania \$39,891,903 that helps provide affordable rental housing and homeownership opportunities. The Community Development Block Grant program would be zeroed out, cutting \$168,954,652 that helps Pennsylvania localities pay for a variety of community and economic development services, including affordable housing.

The Congressional Budget Office, a non-partisan scorekeeper, now reports that the tax cuts will add [\\$1.9 trillion to the deficit](#)—one-quarter more than the \$1.5 trillion estimated when the tax law was approved in December. This is close to the [\\$1.7 trillion cut](#) to Medicaid, Medicare, Social Security disability programs, SNAP and more proposed in Trump's budget.

The ATF report concludes with a set of recommendations to Congress:

1. Repeal the Trump-Republican tax cuts for the wealthy and corporations that explode the national debt and thereby threaten Social Security, Medicare, Medicaid, education and more.
2. Make the wealthy and corporations pay their fair share of taxes so we can afford to strengthen our communities through long-overdue improvements in roads and transportation systems, schools, affordable housing, internet access and more.
3. Instead of attacking the Affordable Care Act to pay for tax cuts for the wealthy and corporations, strengthen the ACA to provide even more Americans with accessible and affordable health care.

Thanks for your consideration of these important matters.