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To: Editors and Columnists

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HARLEY-DAVIDSON IS A CASE STUDY IN HOW THE TRUMP-GOP TAX LAW IS FAILING AMERICAN WORKERS—BUT IT'S NOT ALONE

After big tax-rate cut, Harley shut a Kansas City plant—costing 800 local jobs—rewarded shareholders with \$700 billion in stock buybacks and opened a new facility in Thailand. But the motorcycle maker's corporate-tax-cut story is not unique.

Washington, D.C. – Iconic motorcycle maker Harley-Davidson's response to the new Republican tax law—cutting jobs, rewarding shareholders, and moving production offshore—perfectly illustrates the law's failure to deliver as promised for American workers. With the media attention [here](#) and [here](#) on the [closure of Harley's Kansas City plant](#) just weeks after the Tax Cuts and Jobs Act was signed into law, we encourage you to use this opportunity to assess for your readers how other corporations in Missouri and across the nation have used their tax cuts, and the broader impact of the TCJA on Missouri families.

A Tax Law That Was Supposed to Generate Jobs Costs Kansas City 800 of Them

Harley-Davidson opened its manufacturing facility in Kansas City in 1997 after state and local governments offered it tens of millions of dollars in tax credits and other incentives. Just 20 years later—and just weeks after President Trump and Republicans in Congress enacted tax cuts they claimed would create many jobs—Harley announced it was closing its plant near the Kansas City airport, shifting production to York, Pennsylvania. Even after accounting for the new hires there, 350 net jobs were lost.

During the debate leading up to the new tax law, House Speaker Paul Ryan used Harley-Davidson as an example of the kind of corporation that would benefit—specifically allowing it, in Ryan's words, to [“keep jobs here in America.”](#) Earlier, President Trump claimed that the GOP tax plan (along with a tougher trade stance and other policy changes) would allow companies like Harley to [“create more jobs and more factories in the United States.”](#)

Last year Harley announced it was opening a [new manufacturing plant in Thailand](#). Though the company denies it, a union representing Harley workers see a [clear connection](#) between the Kansas City plant closing and the new operation in Asia.

As Harley Workers Lose Jobs, Shareholders Rewarded with Stock Buyback & Higher Dividend

Less than a week after announcing the Kansas City plant closure, Harley said it would [buy back nearly \\$700 billion of stock](#), plus raise its dividend. (The value of the buyback is based on the stock's closing price on the day of the announcement.)

Stock buybacks overwhelmingly benefit the wealthy, since [rich people own most corporate stock](#): the wealthiest 10% of American households own 84% of all shares, the top 1% own 40%.

Other Examples of Missouri Workers Losing Out After Corporate Tax Cut

Harley Davidson is not alone among corporations doing little or nothing for their workers, or even laying them off, after enactment of a tax law that was sold as a boon to the middle class. Many are also using their tax-cut savings to richly reward wealthy stockholders. Here's how some Missouri-headquartered companies have responded to the TCJA, as reported in the Americans for Tax Fairness "[Trump Tax Cut Truths](#)" website:

Express Scripts Holdings is estimated to save \$864 million from the new tax law this year alone. That's 43 times more than the \$20 million the St. Louis-based pharmacy benefits manager is sharing with its employees through one-time bonuses. Just a few days before final passage of the tax law—when passage was all but guaranteed—the company announced it would [buy back \\$3.3 billion](#) worth of its own stock—165 times more than the worker bonuses. (The value of the buyback is based on the stock's closing price on the day of the announcement.) This April, Express Scripts [laid off nearly 500 workers](#) at its Columbus, OH, facility.

Great Southern Bancorp spent more than 20 times as much on its shareholders through stock buybacks than the Springfield bank did on its workers through one-time bonuses—\$25.4 million vs. \$1.2 million.

The **Kansas City Southern** railroad and **Commerce Bancshares** are each sharing only about 7% of their 2018 tax cut with workers through one-time bonuses. In the case of KCS it's a \$96.5 million tax cut vs. \$7.1 million in one-time bonuses and \$43.6 million in tax cuts vs. \$3.4 million in one-time bonuses for Commerce Bancshares.

The following Missouri businesses are collectively spending over \$2.7 billion in stock buybacks, but nothing on workers' pay: **Edgewell Personal Care, O'Reilly Automotive, Olin, Peabody Energy, Perficient, UMB Financial.**

Agribusiness giant Conagra and outsourcing-service provider Convergys, based out of state, are together eliminating over 600 Missouri jobs, in [Arnold](#) and [Trenton](#).

Shareholders and Not Workers Are the Big Winners from New Tax Law

Despite all the publicity last winter about tax-cut-related bonuses, [the reality is](#) only 4.2% of American workers have received any kind of bonus or wage hike tied to the new tax law, with the great majority of those being one-time bonuses rather than permanent pay hikes.

Companies have received 11 times more in tax cuts than they have paid out to workers (\$76 billion vs. \$6.9 billion) and spent 65 times as much on stock buybacks as on employee pay hikes (\$450 billion vs. \$6.9 billion).

In Missouri, the richest 1% (taxpayers making at least \$500,000) will get a tax cut of nearly \$49,000 in 2019 on average, while the bottom 60% (those making less than \$63,000) will only get \$370, according to the [Institute on Taxation and Economic Policy](#).

Nationwide, [83% of the tax cuts will go to the richest 1%](#) once the law is fully implemented, according to the non-partisan Tax Policy Center.

Harley's Thailand Move Is the Kind of Corporate Offshoring the New Tax Law Will Encourage

Republicans claimed the new international rules in their tax law would end offshore profit shifting, discourage corporate outsourcing and keep jobs here in America.

In fact, the [new law](#):

- Won't end profit shifting, since offshore profits will be taxed at much lower rates as domestic profits;
- Loses revenue from the combined corporate international provisions, once temporary revenues are excluded; and
- Creates new loopholes that will make it advantageous for corporations to move their factories and equipment—and jobs—to foreign countries.

The non-partisan Congressional Budget Office estimates that before the tax law was passed the United States was losing about \$300 billion in taxes each year due to corporations shifting their profits offshore—mostly to tax havens. The new tax law, because it left loopholes in place and created new ones, only reduced that annual loss to [\\$230 billion a year](#) (p. 127).

Under the new tax law profits made or shifted offshore by American companies are now taxed at about half the domestic tax rate. And the way the new tax on foreign profits is calculated, [multinationals have even more incentives to shift real plant and equipment offshore](#)—anywhere, that is, but here in America.

TCJA Boosts Big Corporations While Doing Nothing for True Small Businesses

The law's new pass-through deduction has been sold as a "small business" tax cut, but most of the benefits flow to wealthy business owners (such as President Trump whose company is made up of about [500 pass-through businesses](#)). According to the Center on Budget and Policy Priorities, in 2024 over [three-fifths of the benefits will go to the wealthiest 1%](#) of pass-through business owners, while just 4% will go to the bottom two-thirds, made up of the solo practitioners and proprietors of Main Street shops that truly personify "small business."

Workers Will Also Suffer from Loss of Public Services Caused by the Tax Law

The Congressional Budget Office estimates the TCJA will [increase the federal debt by \\$1.9 trillion](#) over 10 years, including economic effects and increased interest costs. This huge increase in debt jeopardizes funding for health, retirement, educational and other public

services the American people depend on to get by and get ahead. President Trump has already proposed [\\$1.7 trillion in spending cuts](#) to Social Security disability insurance, Medicare, Medicaid, food stamps, housing assistance, tuition aid and dozens of other important programs.

Conclusion

Harley-Davidson's actions in response to the new tax law—which privilege wealthy stockholders over average workers—are merely an especially egregious example of how major corporations are responding to the TCJA. We urge you to assess this larger story for your readers.