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SUNDAY MARKS TWO-YEAR ANNIVERSARY OF SIGNING OF THE 2017 TRUMP-GOP TAX LAW

New Report Shows 91 Fortune 500 Corporations Paid No Federal Income Taxes in 2018

WASHINGTON, D.C. – Sunday, Dec. 22, will mark the two-year anniversary of the Tax Cuts and Jobs Act, the signature legislative achievement of the Trump Administration. While President Trump and Republicans still proclaim the law a success, data from independent and authoritative sources overwhelmingly shows that the many promises that helped convince lawmakers to speed enactment of the tax overhaul have failed to come true.

A new report by Americans for Tax Fairness, [Chartbook: Trump-GOP Tax Cuts Failing Workers and the Economy](#), details eight key promises made by Trump and the GOP to help get the tax cuts enacted into law. (The law took effect Jan. 1, 2018.) The report uses the latest economic data that shows their rosy scenarios have wilted in the glaring light of actual facts.

And a [report from the Institute on Taxation and Economic Policy](#) (ITEP) shows 91 profitable Fortune 500 corporations—including Amazon, Chevron, Halliburton and IBM—paid no federal income taxes in 2018 the year following the tax law’s passage. Moreover, 379 profitable corporations paid an effective federal income tax rate of just 11.3% on their 2018 income, slightly more than half the 21% corporate tax rate—which already had been slashed down from 35% in 2017.

Taken together, the two reports paint a devastating picture of true impacts of the [costly \\$1.9 trillion Republican tax plan](#), as estimated by the Congressional Budget Office. The ATF report catalogues the many predictions about who would benefit most from the tax cuts (including a \$4,000 family pay-raise guarantee), how much they would cost and how much the economy would grow, and how each of those promises have proven false. The ITEP report shows that while the tax law cut the corporate rate by 40% - from 35% to 21% - financial data from 379 profitable corporations show they [paid an effective federal income tax rate of just 11.3%](#), the lowest in decades.

“In 2017, we were told repeatedly that the giant, unpaid-for tax cuts for the wealthy and corporations would increase jobs, pay for themselves, give every family a big raise and would really hurt rich people like Donald Trump,” said Frank Clemente, executive director of Americans for Tax Fairness. “Two years later, the evidence is in, and all their promises look like a Macy’s parade balloon the day after Thanksgiving.”

The links below go to the Chartbook, which includes the original sources.

1. PROMISE: IT WILL BE A MIDDLE-CLASS TAX CUT.

REALITY: The tax cuts are mostly going to corporations and their wealthy owners.

- The richest 1% of taxpayers will get an [average tax cut of \\$50,000](#) in 2020. That’s 75 times more than the tax cut for the bottom 80%, which will average just \$645. [Institute on Taxation and

Economic Policy (ITEP)] These figures are comparable to estimates from the [Tax Policy Center](#) for 2018, which found the average tax cut for the richest 1% to be \$51,000 and the average tax cut for the bottom 80% to be about \$800. [Table 1, “All Provisions”]

- The richest 1% will receive a total of [\\$78 billion in tax cuts](#) in 2020. That’s about equal to the total tax cut that will go to the bottom 80%. [ITEP]
- A big reason benefits are tilted to the top is the law slashed the U.S. corporate tax rate on domestic profits from 35% to 21% and on foreign profits to about 10%. Wealthy people own most corporate stock.

2. PROMISE: WEALTHY PEOPLE – LIKE DONALD TRUMP – WON’T BENEFIT FROM THE TAX CUTS.

REALITY: President Trump and his family will benefit personally by millions of dollars from at least five features of the law: lower top income tax rates; the deep corporate tax cuts; a weakened estate tax; a tax break mostly benefitting wealthy business owners like Trump (see below); and real-estate loopholes the law opened. [[Americans for Tax Fairness](#)]

3. PROMISE: Working families will quickly get a \$4,000 to \$9,000 raise.

REALITY:

- Median [family income grew by just \\$514 in 2018](#) after enactment of the tax law—much slower growth than occurred in each of the last three years under President Obama. [U.S. Census Bureau]
- The increase in the yearly [wage growth rate is up just 0.3%](#) over the roughly two years since the Trump-GOP tax law was enacted. The yearly wage growth rate under Obama’s last two years accelerated by 0.7%. [Bureau of Labor Statistics (BLS)]

4. PROMISE: Small businesses will receive a big tax cut.

REALITY: Almost [half the benefits](#) of this supposed “small” business tax cut are going to the tiny sliver of businesses with over \$1 million in annual income. Less than a quarter is going to firms with income of \$200,000 or less. [Joint Committee on Taxation/Bloomberg News]

5. PROMISE: The economy will grow by 4%, 5%, or 6%.

REALITY: Economic growth (GDP) since the tax law was enacted has been in line with the Obama years. [Growth hasn’t hit 3% under Trump](#), and growth during the first three quarters of 2019 is averaging 2.4%. [Bureau of Economic Analysis (BEA)] The [Federal Reserve](#) predicts growth of 2.2% for the full year.

6. PROMISE: Tax cuts will pay for themselves.

REALITY: The total [cost of the tax cuts is estimated at \\$1.9 trillion](#), according to the Congressional Budget Office, which will be added to the national debt. Conservatives claimed the law’s lower tax rates would raise a lot more revenue through greater economic activity. But largely due to the tax cuts (especially for corporations), [the deficit has exploded, reaching nearly \\$1 trillion in 2019](#), up more than 70% from the \$585 billion during Obama’s last year in office. [U.S. Office of Management and Budget]

7. PROMISE: The pace of job growth will quicken.

REALITY: [Monthly job growth has averaged 195,000 in](#) the two years since the tax cuts were enacted. Job growth in the last two years of the Obama Administration averaged 210,000 a month. [BLS]

8. PROMISE: Business investment will boom.

REALITY:

- After just one-quarter of modest growth in 2018, [capital investment has declined](#) overall since then, falling into negative territory in the second and third quarters of 2019. [BEA]
- Corporations have instead used their tax savings for stock buybacks, which primarily benefit executives and other wealthy shareholders. Corporations [bought back a record \\$800 billion-plus](#) of their own shares in 2018, an increase of more than 50% over the \$519 billion in stock buybacks in 2017. [S&P Dow Jones Indices]

For these and other reasons, more voters continue to oppose the Trump-GOP tax cuts than support them. ATF maintains a [comprehensive set of public opinion polls](#) about the Tax Cuts and Jobs Act, which also includes data on support for progressive tax reform proposals. Other key findings include:

- Only 17% said their taxes decreased in 2018 compared to 2017, 33% said their taxes increased while 31% said their taxes stayed the same.
- Most voters want to *repeal the 2017 tax cuts for corporations and the wealthy.*

ATF also maintains a [major compilation of media reports and studies](#) that have analyzed the effects of the Trump-GOP tax cuts since enactment.

In addition, Americans for Tax Fairness previously released a report, [Fair Taxes Now: Revenue Options for A Fair Tax System](#), a comprehensive menu of 40 progressive tax reform options that includes recommendations for amending or repealing the Trump-GOP tax cuts for the wealthy and corporations (p. 5). The recommendations could raise trillions of dollars in revenue, demand the most from those with the most to give, and steer a better economic course for our country than the failed policy of cutting taxes for the wealthy and corporations.

Contact:

Dennis Bailey

Director of Communications

Americans for Tax Fairness

202.733.3444

Db Bailey@americansfortaxfairness.org