



FOR IMMEDIATE RELEASE:
May 13, 2020

IN BIG WIN FOR TAX FAIRNESS, REPEAL OF ‘MILLIONAIRES GIVEAWAY’ INCLUDED IN HOUSE DEMS’ LATEST CORONAVIRUS PACKAGE

HEROES Act Would Close \$135 Billion Loophole for Rich Opened by CARES Act

WASHINGTON – Proving the power of an outrage-fueled reform effort, a [\\$135 billion tax handout](#) to the rich slipped into the coronavirus relief law enacted in March is slated for repeal in the latest pandemic measure unveiled yesterday by House Speaker Nancy Pelosi. The HEROES Act would claw back the “Millionaires Giveaway” offered by the earlier CARES Act, ending a massive bonanza for the nation’s wealthiest noncorporate business owners created at the expense of millions of Americans suffering from COVID-19 and its resulting recession.

The repeal provision was crafted by House Ways and Means Chairman Richard Neal (D-MA), based on legislation (H.R. 6579) authored by Rep. Lloyd Doggett (D-TX) and Rosa DeLauro (D-CT) with 49 other cosponsors. Companion legislation (S. 3640) in the Senate is authored by Sen. Sheldon Whitehouse (D-RI) and supported by Sen. Sherrod Brown (D-OH) and 22 other senators, including 6 of the 7 who ran for president this cycle. [Nearly 225 organizations](#) have denounced the tax break in a letter to Congress.

“This is a great victory for tax fairness,” said **Frank Clemente, executive director of Americans for Tax Fairness**. “We thank Speaker Pelosi and our allies in Congress for heeding the call of hundreds of organizations and thousands of online activists who demanded that this tax break be stricken from legislation that was designed to help struggling families, communities and health care workers—not line the pockets of wealthy business owners. We urge the measure’s speedy House passage and will wait to see whether Senate Majority Leader McConnell and Senator Grassley, the authors of this odious provision, will stand with working families instead of fat-cat campaign donors by supporting its repeal.”

The Millionaires Giveaway gives wealthy business owners a huge tax break unrelated to fighting the pandemic or the recession it has caused. It allows them to use business losses (net operating losses, or NOLs) in 2018, 2019 and 2020 to seek refunds on previously paid income taxes. It will [cost \\$135 billion](#) over 10 years, according to the Joint Committee on Taxation (JCT), and is expected to especially benefit wealthy hedge fund owners and [real estate developers like the Trump family](#).

JCT found that this year it gives [over 80% of the benefits](#)—an average tax cut of \$1.6 million—to [43,000 noncorporate business owners](#) already making over \$1 million. The \$135 billion cost is over three times what the CARES Act is spending on [safety net programs \(\\$42 billion\)](#), more

than it is giving to hospitals and public health (\$100 billion) and nearly as much as is going to hard-pressed states and cities (\$150 billion). A more detailed [fact sheet on the loophole is available here](#) and a website for the campaign to secure its repeal is [available here](#).

ATF's Clemente had further praise for the HEROES Act. "Among its many other virtues is that it does not include any of the very costly tax breaks favoring the wealthy and corporations proposed by President Trump, GOP members of Congress and corporate trade associations," said Clemente. "The properly excluded proposals include a payroll tax cut, capital gains tax cuts, permanent expensing of new investments, expanded deductions of business interest costs, business meals and entertainment tax deductions, and tax breaks on offshore profits."

Clemente identified one area of concern in the bill. "Unfortunately, the HEROES Act includes a very costly tax break that will primarily boost the same wealthy business owners who benefit from the Millionaires Giveaway. It will [overturn an IRS ruling](#) that prevents businesses from tax double-dipping. That is, deducting expenses, such as payroll and maintenance, that already are being reimbursed, tax free, by the Paycheck Protection Program (PPP) established by the CARES Act.

"Wealthy business owners will be the primary beneficiary of this ability to double-dip by using federal aid to pay expenses and then taking a tax deduction as if they'd paid the expense themselves. Businesses are getting more than \$650 billion in aid through the PPP program, and will get hundreds of billions of dollars of additional deductions. State coffers will also suffer at a time when they can least afford it, since most state tax laws track federal rules, including what is counted as a deduction."