AMERICANS FOR TaxFairness

PROPOSED 100-DAYS AGENDA FOR JOE BIDEN ON TAX ISSUES

Dec. 1, 2020

Note: In addition to this 100-Days Agenda, ATF will submit to the Biden transition separate legislative and executive-action agendas focused on creating a fair share tax system.

1. **Build Back Better Through a Fair Share Tax System.**
As a candidate President-elect Biden proposed a robust Build Back Better agenda that will expand and strengthen Social Security; improve access to healthcare and high-quality child care; rebuild our infrastructure and create a clean-energy future; ensure Pre-K for all children and access to high-quality, affordable childcare; make college affordable and reduce student debt; increase funding for schools serving low-income students and those in special education; lower housing costs and end homelessness; offer tax credits for working families, first-time homebuyers and domestic manufacturers; and support U.S. research and development in breakthrough technologies. Many of these critical investments can be paid for by requiring the wealthy and big corporations to pay their fair share of taxes.

   That's why within the first 100 days of being sworn into office, as he did during his election campaign, President Biden should propose an overhaul of our tax system that rejects supply-side, trickle-down tax cuts—starting with a rollback of those Trump tax cuts that most directly benefit the wealthy and corporations. He should also reform other rigged aspects of our tax code that predate the Trump tax law by:

   - Ending the special tax discount on income from stock and other assets that allows a billionaire to pay a lower tax rate than a firefighter or nurse.
   - Closing the trust-fund loophole that lets wealthy families avoid all taxes on the growth in the value of their fortunes when they pass between generations.
   - Revoking all the special tax breaks for real estate investors like Donald Trump that let them delay, reduce and eliminate their tax obligations.
   - Restoring a higher, fairer tax rate on big profitable corporations and ensuring they stop dodging their taxes through accounting tricks by levying a 15% minimum tax on the profits reported to investors and ending tax breaks for outsourcing jobs and shifting profits offshore.

2. **Restore Taxpayer Trust Through Strong Enforcement.**
The most recent IRS "tax gap" report found that about $380 billion in taxes goes uncollected each year—about one in seven dollars of total tax liability. About half of that shortfall comes from corporations and other businesses underreporting income. These business-tax scofflaws are able to get away with it because IRS auditing and enforcement budgets have

been slashed in recent years. The ability to properly monitor the tax compliance of the wealthy and large corporations has particularly suffered. High-profile examples of blatant tax evasion by the rich and aggressive avoidance by multinational corporations confirm working Americans' belief that the system is rigged against them. While wealthy tax evaders are going scot-free, low-income working families who claim tax credits are audited disproportionately, with insufficient protection for their rights.

A Biden administration should announce plans to rebuild the IRS, dramatically increase IRS enforcement funding and refocus its resources where the problem of uncollected taxes really lies: with rich households, wealthy business owners, and powerful corporations.

Specifically, prior to Tax Day (April 15) 2021, the Biden administration should announce its proposal for fairer and more efficient tax enforcement. Among the elements:

- Rebuilding the IRS by substantially increasing its funding and hiring to historic levels and refocusing audit resources.
- Making a multi-year investment in modernizing IRS technology.
- Directing the IRS Commissioner to develop a plan by a date certain for restoring audit rates on wealthy individuals and profitable corporations to at least the levels of a decade ago and improving audit protections for low-income tax-credit recipients.
- Announcing a budget request to Congress that would achieve those goals.

3. **Assess the Impact of the Tax Code on Racial Inequities and the Racial Wealth Gap.**
The tax code exacerbates racial inequality. The 2017 tax law worsened the racial income and wealth gaps, as do many pre-existing provisions of the tax code. Misguided tax enforcement priorities also result in inequities. The Biden administration should take steps to better assess these faults and remedy them, including by:

- Directing the Statistics of Income Division of the IRS and the Office of Tax Analysis at Treasury to include race and ethnicity in their tax data analysis.
- Directing those offices to study how "upside-down" tax expenditures meant to build household wealth—including savings incentives, homeownership subsidies, and preferential tax rates on investment income—widen the racial wealth gap.
- Prioritizing IRS enforcement resources toward the largest sources of unpaid taxes—high-income individuals and businesses—so that low-income tax credit recipients are not disproportionately targeted for audits.
- Requiring the IRS Commissioner to guarantee, in consultation with the Office of the Taxpayer Advocate and the Department of Justice (DOJ) Office of Civil Rights, that tax enforcement actions do not vary by race or ethnicity. The analysis supporting this guarantee should include the rates and amounts of settlements reached in disputes with taxpayers by the race and ethnicity of the taxpayers involved, as recorded by the IRS Chief Counsel.

4. **Require Presidential and Vice-presidential Candidates and Officeholders to Release Their Tax Returns.**
   During the campaign, President-elect Biden demonstrated his belief in honest politics, transparent governance, and the voters' right to know by releasing the last 21 years of his tax returns. On Day One, as part of broader legislation to create greater openness and transparency in government, President Biden should include a requirement that presidents, vice presidents and major-party candidates for those positions submit to the Federal Election Commission 10 years of their most recent tax returns (including business tax returns). The Commission would make the returns publicly available. This reform was included in H.R. 1, the For the People Act of 2019, which was passed by the House of Representatives in 2019.

5. **Require Increased Disclosure by Any Special Interest Seeking to Lobby the IRS, Treasury, or Other Executive Branch Office (including the White House) for Tax Relief.**
   The IRS, Treasury, and other Executive Branch offices—such as the Office of Information and Regulatory Affairs and the Council of Economic Advisers—are regularly lobbied by special interests seeking tax relief, special tax treatment or some other type of tax benefit that may collectively cost taxpayers billions of dollars in revenues. In addition, the actual beneficiaries of these special breaks—the so-called "true parties in interest"—may be hidden behind a trade association, lobbying group, or tax-exempt organization that has agreed to lead the lobbying effort.

   The U.S. House of Representatives requires submission of a Truth-in-Testimony form before a party can testify before a committee to ensure Congress and the public know who is actually offering policy recommendations. The Executive Branch should require a Truth-in-Lobbying disclosure form before any party can discuss, suggest, or submit a proposal for tax relief or special tax treatment to the IRS, Treasury, or other Executive Branch office (including the White House). The party would have to submit the form in advance of a meeting or in connection with a written comment on a proposed change to the tax code, disclosing any potential personal stake in the policy under discussion. These disclosures should be posted on an easily accessible part of an agency's website.

   An individual, corporation, or other entity recommending the tax proposal would be required to disclose:

   - How that person, or the people they represent, would benefit from the proposal; and
   - Provide a dollar estimate for each such person's potential tax savings from the proposal using the following brackets: Under $10,000; $10,000 - $100,000; $100,000 - $500,000; $500,000 - $2,500,000; $2,500,000 - $10,000,000; $10,000,000 - $100,000,000; $100,000,000 - $1 billion; over $1 billion.