

# 97 NATIONAL GROUPS SUPPORT PRESIDENT BIDEN'S TAX PLAN

August 10, 2021

Dear Member of Congress:

President Biden's Build Back Better proposals provide Congress a historic opportunity to move toward an economy that works for all of us, not just the wealthy and corporations. It includes long-overdue investments that will create good-paying jobs, rebuild communities and expand opportunities for working families that will reduce inequality. Importantly, the president's fiscal plans will fulfill his general goal to use the government to [achieve greater racial equity](#). Federal tax and spending policies have historically contributed to the troubling income and wealth gaps between Black and white Americans; Biden's proposed reforms will reverse many of those policies.

At the heart of Biden's plans are big and bold public investments financed by requiring the rich and corporations to pay their fair share of taxes. The president's economic plan—consisting of the American Jobs Plan, Americans Families Plan and Made in America Tax Plan—will finance [\\$4.2 trillion in new investments with \\$3.8 trillion in revenues](#) from the wealthy and corporations over 10 years. **In the U.S. Senate these plans provide the framework for the \$3.5 trillion budget resolution that is being debated and voted on this week.**

Those investments will rebuild roads, bridges, and other infrastructure; expand the use of clean energy; strengthen American manufacturing and small businesses; make healthcare premiums and housing more affordable; increase investment in public education, childcare, and home- and community-based supports for the elderly and people with disabilities; guarantee workers up to 12 weeks of annual paid family and medical leave; and help rebuild the middle class.

The 97 undersigned organizations write to demonstrate our support for the president's plan to reshape the economy through tax fairness policies that support investments to increase financial security, opportunity, and equity. President Biden's proposals offer a bold step forward that will put the United States on a trajectory toward a much brighter future for workers, families, and small businesses.

**Biden's tax reforms, which will not raise taxes on anyone earning less than \$400,000 a year**, are widely popular. In [12 recent polls](#), voters support the president's tax proposals by 60% to 65% or more, including independent voters. Here are our views about individual components of the Biden tax plan.

## **CURB CORPORATE TAX DODGING & OFFSHORING**

American [corporate profits have set records](#) in recent years. Meanwhile, in 2020 [55 of the nation's biggest corporations](#) (including FedEx, Nike and Salesforce.com) made \$40.5 billion in total profits but paid nothing in federal income taxes. A [government survey](#) of over 1,500 U.S.-based multinational firms found that for 2018, they paid an [average U.S. tax rate of just 7.8%](#)—far below the median [14% tax rate paid](#) by all households. American corporations [dodge an estimated \\$60 billion a year](#) in U.S. taxes by shifting profits and production offshore because the federal income tax rate on their foreign profits is about [half the domestic tax rate](#). President Biden has three major proposals to address this tax avoidance and require corporations to begin to pay their fair share:

- **Raise the corporate tax rate to at least 28%—a 25% rate is NOT high enough.** The Trump tax law cut the corporate tax rate from 35% to 21%. Biden’s proposal to raise it back to 28% will [raise nearly \\$900 billion](#), \$300 billion *more* than the 25% rate the business community asked for in 2017, enabling us to better invest in our families and communities.
- **Curb offshore corporate tax dodging:** The tax code encourages corporations to outsource jobs and shift profits to tax havens because it taxes the foreign profits of U.S. firms at about half the domestic rate. Biden’s [proposed reforms](#) will take a big step to curb offshoring, [raising more than \\$1 trillion](#), by doubling the tax rate on offshore profits from an effective 10.5% to 21% and implementing reforms to stop erosion of the corporate tax base and the shifting of intellectual property offshore.
- **Establish a 15% minimum corporate tax:** Biden will ensure that large profitable corporations cannot get away with paying zero in federal income taxes by implementing a 15% minimum tax on the profits they report to shareholders, [raising \\$150 billion](#).

## ENSURE THE WEALTHY PAY THEIR FAIR SHARE

America’s [wealthiest 1% got \\$4 trillion richer](#) last year, capturing 35% of the extra wealth generated nationwide while the poorest half of the population got just 4%. The nation’s 650 billionaires saw their collective fortunes [increase by 55%](#), or \$1.6 trillion, during the first 13 months of the pandemic. That is enough to pay for nearly two-fifths (38%) of the [\\$4.2 trillion cost](#) of Biden’s investment plans.

Billionaires and millionaires living off their wealth can pay a [lower tax rate than middle-class workers](#) like teachers, nurses and truck drivers pay on their wages. The richest 1% are responsible for more than [one-third of total tax evasion](#), costing the \$175 billion per year. President Biden has proposed three principal reforms to tax the wealthy more fairly:

- **Tax wealth like work:** For people earning more than \$1 million a year (the richest [0.3% of taxpayers](#)), Biden will close the loophole that lets them pay a tax rate on the sale of stock and other assets that is far lower (20%) than the top rate workers pay on wages (37%). Biden also will close a loophole that lets millionaires dodge taxes altogether on a lifetime of unrealized capital gains— income and increased wealth that the rich get from stocks and assets. These reforms will [raise \\$325 billion](#).
- **Restore the top individual tax rate and stop avoidance of healthcare taxes:** To better ensure CEOs and other high-paid employees pay more fair taxes, Biden wants to restore the top individual rate to 39.6%, its rate before the Trump tax cuts. No one earning [less than \\$453,000 a year](#) will pay more tax. Biden will also close loopholes that result in wealthy business owners avoiding taxes that fund healthcare. These two reforms [will together raise \\$370 billion](#).
- **Crack down on tax evasion by the wealthy:** Biden wants to reverse years of deep cuts to the IRS that resulted in much weaker tax enforcement of the wealthy and corporations. He will invest \$80 billion to strengthen IRS enforcement and information technology and increase reporting of income to catch wealthy tax cheats. Such reforms will net [\\$700 billion in revenue](#).

These reforms affecting the wealthy are a great start—altogether they will raise \$1.5 trillion over 10 years from the rich. However, that is just shy of the \$1.6 trillion increase in wealth enjoyed by 650 U.S. billionaires since the pandemic began. After years of tax breaks and gaming the system, Congress should require the wealthy to do much more, and raise more revenues for our shared priorities. Options include rolling back other Trump tax cuts and enacting laws that also:

- **Cap the value of itemized deductions at 28%:** Higher-rate taxpayers benefit more from deductions than those paying lower rates. (A \$1,000 deduction saves a taxpayer in the 35% tax bracket \$350, but only \$240 for one in the 24% bracket.) Capping the value of deductions at 28% for married couples with income over \$400,000 would [raise about \\$225 billion](#) while making the system fairer.

- **Restore the estate tax to 2009 levels and close dynasty trust and other loopholes.** Estates worth up to [\\$11.7 million today](#) for a single person (\$23.4 million per couple) are exempt from estate taxes. Congress should restore the 2009 exemption levels and rates, which would tax family fortunes above \$3.5 million and \$7 million, respectively. That would [raise about \\$220 billion](#) while taxing only about the [six wealthiest of every 1,000 estates](#), or 0.6% of estates.
- **End the 20% deduction for owners of pass-through businesses earning more than \$400,000.** Pass-through businesses—sole proprietorships, partnerships and S corporations—do not pay corporate taxes, their owners pay taxes at individual rates. The Trump tax law created a loophole letting them deduct 20% of their income when calculating their taxes. Because pass-through income is so concentrated at the top, within a few years over 60% of the benefit of this deduction will flow to the [wealthiest 1% of business owners](#). This loophole is scheduled to close in 2026; ending it this year could [raise about \\$140 billion](#) and eliminate the risk that it will be extended beyond 2025.
- **Establish a wealth tax of just 2% on households worth over \$50 million or 3% on billionaires.** This could [raise an estimated \\$3 trillion](#) and narrow the nation’s destabilizing wealth gap.
- **Enact a financial transaction tax (or Wall Street Sales tax) of as little as 10 cents on every \$100 worth of trades in stock and other securities.** This could [raise some \\$750 billion](#) while calming risky and harmful speculation that is costly to small investors.

Now is the time to unrig the tax system and rebuild our economy so that everyone has a meaningful chance to prosper, care for their families and secure the future for coming generations. Congress should take the first step now to pass President Biden’s tax proposals and even add to them to ensure the economy works for all of us, not just the wealthy and corporations.

Sincerely,  
*List in formation*

ACA Signups  
 AFL-CIO  
 Alliance for Retired Americans  
 American Family Voices  
 American Federation of Government Employees  
 American Federation of State, County and Municipal Employees (AFSCME)  
 American Federation of Teachers  
 Americans for Democratic Action (ADA)  
 Americans for Financial Reform  
 Americans for Tax Fairness  
 American Sustainable Business Council  
 Bend the Arc: Jewish Action  
 Blue Future  
 Campaign for America’s Future  
 Center for American Progress (CAP)  
 Center for Law and Social Policy (CLASP)  
 Center for LGBTQ Economic Advancement & Research (CLEAR)  
 Center for New Revenue  
 Center for Popular Democracy  
 Coalition of Labor Union Women  
 Coalition on Human Needs  
 Communications Workers of America (CWA)  
 Community Change Action  
 Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces

Daily Kos  
Democracy for America  
Demos  
Economic Policy Institute  
Economic Security Project Action  
Faith in Public Life Action Fund  
Family Values @ Work Action  
First Focus Campaign for Children  
Friends Committee on National Legislation  
Groundwork Action  
Health Care for America Now  
Hedge Clippers  
Herd on the Hill  
ICNA Council for Social Justice  
In Our Own Voice: National Black Women's Reproductive Justice Agenda  
Indivisible  
Institute for Policy Studies - Inequality Program  
Institute on Taxation and Economic Policy  
International Association of Machinists and Aerospace Workers  
International Brotherhood of Teamsters  
International Federation of Professional and Technical Engineers (IFPTE)  
International Union, United Automobile Aerospace and Agricultural Workers of America (UAW)  
Jobs with Justice  
Just Strategy  
Main Street Alliance  
MomsRising  
MoveOn Political Action  
National Advocacy Center of the Sisters of the Good Shepherd  
National Association for Hispanic Elderly  
National Birth Equity Collaborative  
National Center for Lesbian Rights  
National Education Association  
National Employment Law Project  
National Equality Action Team (NEAT)  
National Health Care for the Homeless Council  
National Latino Farmers & Ranchers Trade Association  
National LGBTQ Task Force  
National Organization for Women  
National Rural Social Work Caucus  
National Women's Health Network  
National Women's Law Center  
NETWORK Lobby for Catholic Social Justice  
Our Revolution  
Oxfam America  
Patriotic Millionaires  
People's Action  
Pride at Work  
Progressive Change Campaign Committee  
Progressive Democrats of America  
Prosperity Now

Public Citizen  
Responsible Wealth  
Restaurant Opportunities Centers United  
RESULTS  
RootsAction.org  
Service Employees International Union  
Shriver Center on Poverty Law  
Sierra Club  
Small Business Majority  
Social Security Works  
Take on Wall Street  
Tax Justice Network US  
Tax March  
UNITE HERE  
The United Methodist Church - General Board of Church and Society  
UnidosUS Action Fund  
United for a Fair Economy  
United Steelworkers  
Voices for Progress  
Women's March  
Working America  
Working Families Party  
ZERO TO THREE