



PRESSURE BUILDS TO REPEAL \$135 BILLION MILLIONAIRES GIVEAWAY IN THE CARES ACT

Leading members of Congress and a broad coalition of advocacy groups seek to repeal a huge tax break for millionaires included in the \$2 trillion COVID aid package passed in late March known as the [Coronavirus Aid, Relief, and Economic Security](#) (CARES) Act. The CARES Act was supposed to offer much needed comfort to those suffering most from the pandemic. But hidden in the bill was an obscure provision allowing wealthy owners of noncorporate businesses, especially [real estate firms and hedge funds](#), to leverage losses into huge tax savings and refunds. The cost of this Millionaires Giveaway: [\\$135 billion](#), according to the Joint Committee on Taxation. **In May, the House of Representatives passed the \$3 trillion HEROES Act, which would permanently repeal the Millionaires Giveaway, [raising nearly \\$250 billion](#) for pandemic relief. It is now up to the Senate to follow suit.**

MILLIONAIRES WIN, WORKING FAMILIES LOSE

- **This tax break gives an elite group of 43,000 business owners making over \$1 million a [\\$1.6 million tax cut in 2020](#), on average.** That dwarves the \$1,200 “recovery rebate” check that up to 150 million working Americans will receive.
- Those 43,000 rich business owners will collectively get more this year from the Millionaires Giveaway (\$70.3 billion) than [47 million people](#) earning less than \$20,000 a year will get in CARES Act “recovery rebates” (\$67 billion).
- **Over 80% of the tax cut will go to business owners [making more than \\$1 million](#).** Almost 95% will go to owners [making over \\$200,000](#).
- **The \$135 billion spent on this tax cut for millionaires is three times more than the CARES Act is [spending on safety-net programs](#) like food and housing aid (\$42 billion).** It is more than is being spent on hospitals and other public health services (\$100 billion) and nearly as much as the aid going to struggling state governments (\$150 billion).
- **[President Trump](#), his son-in-law and counselor Jared Kushner, and other real estate tycoons will particularly benefit from this giveaway.** That’s because owners can claim paper losses even when their properties are actually gaining in value.

HOW IT WORKS

- **The \$135 billion Millionaires Giveaway lets rich business owners with other big sources of income *dodge their taxes*.** Wealthy owners can use losses from their businesses to cancel out other *non-business* income—whether a sky-high salary or hefty investment gain from stocks—and thereby lower their taxes. Often these business losses [exist only on paper](#).
- **Only couples with \$500,000 of *non-business* income (individuals with \$250,000) benefit from the Millionaires Giveaway.** Average business owners with more modest income from other sources could already use business losses to reduce their taxes.
- **The Millionaires Giveaway lets rich business owners exploit losses unrelated to the pandemic.** Business losses racked up in 2018 and 2019, when the economy was booming, can be used to wipe out old tax liabilities and generate big refunds.

- **The Millionaires Giveaway comes with no strings attached.** Business owners don't have to promise to keep on workers or pay the money back like airlines and other corporations getting bailouts, or small businesses getting [“Paycheck Protection” payments](#).

CONGRESS MUST REPEAL THE \$135 BILLION MILLIONAIRES GIVEAWAY

- **Democrats seek to repeal the Millionaires Giveaway while a leading Republican defends it.** The tax break was inserted in the CARES Act by Sen. Charles Grassley, chairman of the Senate tax-writing committee. In a [Fox News op-ed](#) he accused those who oppose it of engaging in “class warfare.” Of course, it is Grassley who declared war on working families by lavishing tax giveaways to the rich in the midst of a national emergency.
- The U.S. House passed the \$3 trillion HEROES Act in May, **which would permanently repeal the Millionaires Giveaway, raising nearly \$250 billion** for pandemic relief.
- **Sen. Sheldon Whitehouse (D-RI) is the lead sponsor of Senate legislation to repeal this offensive tax break.** As of July 7, his bill was supported by [24 senators \(S. 3640\)](#) (including six who ran for president this cycle). Their effort has been [endorsed by 237 organizations](#).
- **Presumptive Democratic presidential candidate Joe Biden supports repealing the Millionaires Giveaway.** He would use the revenue to fund student debt relief.
- **This egregious tax loophole must be repealed in the next coronavirus aid package.** “CARES 2” legislation is expected to focus on providing federal financial support for state and local government budgets collapsing under the pandemic.
- **The \$135 billion wasted on 43,000 wealthy business owners through this tax break could help state and local governments struggling with increased public needs, collapsing tax revenues and no ability to borrow to make up the difference.**
 - The [nation’s governors are seeking \\$500 billion](#) in immediate relief to fund joint federal-state Medicaid programs, buy more COVID treatment and testing supplies, shore up overwhelmed unemployment systems, and meet other urgent demands.
 - Counties, cities and towns are [seeking \\$250 billion](#) in federal coronavirus aid. Counties alone face a combined COVID budgetary impact of [over \\$140 billion](#) through next year.

ADDITIONAL RESOURCES

Americans for Tax Fairness, Editorial Board Memo (Apr. 27, 2020): [Repeal Effort Begins to Revoke Huge Tax Break for Millionaires in Coronavirus Aid Package](#)

[DeLauro, Cohen, and 64 House Dems Call for Repeal of \\$135 Billion Tax Break for Real Estate Developers, Hedge Fund Owners](#) (Apr. 28, 2020)

USA Today Op-ed (Apr. 23, 2020): [The corrupt tax provision in the CARES Act: Rep. Doggett & Sen. Whitehouse](#)

New York Times (Mar. 26, 2020): [Bonanza for Rich Real Estate Investors, Tucked Into Stimulus Package](#)

Forbes (Apr. 14, 2020): [How Some Rich Americans Are Getting Stimulus ‘Checks’ Averaging \\$1.7 Million](#)

Institute on Taxation and Economic Policy (Apr. 24, 2020): [The CARES Act Provision for High-Income Business Owners Looks Worse and Worse](#)

Tax Policy Center (Apr. 23, 2020): [Heads I Win, Tails I Win Too: Winners From The Tax Relief For Losses In The CARES Act](#)

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