

## 237 GROUPS OPPOSE MAJOR BUSINESS TAX BREAKS IN CARES ACT

### \$135 Billion Tax Break Gives 82% of the Benefit to People Making at Least \$1 Million a Year

June 23, 2020

Dear Member of Congress:

A total of 69 national and 168 state groups are writing to strongly oppose two costly tax hand-outs to wealthy business owners and corporations included in the Coronavirus Aid, Relief and Economic Security (CARES) Act and to urge you to repeal these provisions, as proposed in legislation by Senator Sheldon Whitehouse ([S. 3640](#)) and Rep. Lloyd Doggett ([H.R. 6579](#)). Coming as they do during an unprecedented national emergency of widespread suffering these unwarranted tax breaks are particularly outrageous.

The tax breaks, which were initiated by Senate Republicans, allow wealthy business owners and corporations to use losses in certain years to avoid paying taxes in other years. They temporarily repeal reforms put in place just two years ago by the [Tax Cuts and Jobs Act \(TCJA\)](#) for the treatment of net operating losses (NOL) by businesses. Those reforms were made to raise revenue to pay for steep tax rate cuts and other costly favors for business in the TCJA.

One tax break allows corporations and pass-through businesses (sole proprietorships, partnerships, and S corporations, whose income-tax obligations are paid by the business owners, not the business itself) to carry back losses not only from this pandemic-ravaged year, but for the previous two years as well when the economy was healthy. Losses incurred in 2018, 2019, and 2020 can be carried back to the five previous years. Moreover, when corporations carry back losses to years before 2018, they get to deduct them at a 35% tax rate—the rate in effect prior to the TCJA—rather than the current 21% tax rate. Similarly, pass-through businesses can carry back losses to years before 2018 and deduct them at rates as high as 39.6%, rather than the current top effective rate of about 29%. Once carried back, those losses can turn old tax payments into new tax breaks. The cost of this tax break for corporations only is \$26 billion over 10 years, according to the [Joint Committee on Taxation](#) (JCT, Title II.C.4).

A much more costly tax break at \$135 billion over 10 years (JCT, Title II.C.4) gives the wealthiest pass-through business owners the right to apply an unlimited amount of business losses from 2018, 2019 and 2020 against their *non-business income*. The only pass-through business owners who benefit from this provision are those with over \$500,000 in *non-business* income (\$250,000 for unmarried individuals) in at least one of the past three years. Such non-business income might be derived from passive investments in stocks, bonds and other valuable financial assets; the sale of valuable artwork or even a yacht; renting out a beach house at the Hampton's or a ski chalet in Vail.

The JCT estimates this \$135 billion tax break will [cost \\$86 billion in 2020 alone](#) with 82% of the benefits going to those making \$1 million or more, 95% will go to those making over \$200,000. A mere 43,000 individual tax filers making \$1 million or more will get an average tax cut of \$1.6 million. By comparison, [125 to 150 million Americans](#) will get one-time rebate checks of at most \$1,200 per individual costing a [total of \\$292 billion](#). This is unconscionable!

Moreover, the \$135 billion wasted on this tax break for wealthy business owners is three times more than the CARES Act is [spending on safety-net supports \(\\$42 billion\)](#), more than is being spent on hospitals (\$100 billion) and nearly the amount spent on direct aid to state and local governments (\$150 billion).

Those likely to benefit in a big way from this tax break include owners of [real estate firms](#) (possibly including The Trump Organization), hedge funds, private equity firms and law firms. Such businesses have the greatest capacity to weather the current economic disaster. Aid for this privileged group would be better spent on those suffering most from the pandemic.

More details on these complex, inefficient and unfair provisions can be found at this analysis by the [Institute on Taxation and Economy Policy](#). Again, we urge you to repeal these tax breaks.

Sincerely,  
*Signers in formation*

AFL-CIO  
Alliance for Retired Americans  
American Family Voices  
American Federation of Government Employees  
American Federation of State, County and Municipal Employees  
American Federation of Teachers  
Americans for Democratic Action (ADA)  
Americans for Tax Fairness  
Asian Pacific American Advocates (OCA)  
Campaign for America's Future  
CASA  
Center for Popular Democracy  
Children's Defense Fund  
Coalition on Human Needs  
Communications Workers of America (CWA)  
Congregation of Our Lady of the Good Shepherd, US Provinces  
Daughters of Charity of St. Vincent de Paul  
Equal Rights Advocates  
For Our Future Action Fund  
Franciscan Action Network  
Friends Committee on National Legislation  
Good Jobs First  
Greenpeace US  
Health Care for America Now  
Hispanic Federation  
In the Public Interest  
Indivisible  
Institute for Policy Studies-Inequality Program  
Institute on Taxation and Economic Policy  
International Federation of Professional and Technical Engineers (IFPTE)

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)  
Jobs to Move America  
Jobs With Justice Educational Fund  
Kairos  
Main Street Alliance  
Missionary Oblates of Mary Immaculate  
MomsRising  
Mothering Justice  
Muslim Caucus of America  
Muslim Public Affairs Council (MPAC)  
National Advocacy Center of the Sisters of the Good Shepherd  
National Alliance of HUD Tenants  
National Council of Gray Panthers Networks  
National Education Association  
National Equality Action Team  
National Human Services Assembly  
National Partnership for Women & Families  
NETWORK Lobby for Catholic Social Justice  
Our Revolution  
Oxfam America  
Patriotic Millionaires  
People's Action  
Poligon Education Fund  
Priests of the Sacred Heart, US Province  
Progressive Democrats of America  
Public Citizen  
Responsible Wealth  
RESULTS  
Revolving Door Project  
RootsAction.org  
Sisters of Mercy of the Americas Justice Team  
SocioEnergetics Foundation  
Tax Justice Network  
Tax March  
UNITE HERE  
United for a Fair Economy  
United Steelworkers (USW)  
Voices for Progress  
Women's International League for Peace & Freedom, US Section

## **STATE GROUPS**

Alabama: Alabama Arise

Arizona:

Arizona Alliance for Retired Americans

ProgressNow Arizona

Arkansas: Arkansas Community Organizations

California:

2-1-1 Humboldt Information and Resource Center

Courage California

Hillcrest Indivisible (San Diego)

Housing Rights Committee of San Francisco

Indivisible 49

Working Partnerships USA

Colorado:

Colorado Cross-Disability Coalition

Colorado Fiscal Institute

ProgressNow Colorado

Connecticut:

Center for Latino Progress – CPRF

Connecticut Alliance for Retired Americans

Connecticut Citizen Action Group (CCAG)

Fair Share Connecticut

National Association of Social Workers Connecticut Chapter

Florida:

Florida Alliance for Retired Americans

Florida Black Women's Roundtable

Florida For Our Future

Organize Florida

Restoring Hope Ministries

Georgia:

Georgia Advancing Communities Together, Inc.

Housing Justice League

Hawaii:

Americans for Democratic Action, Hawaii Chapter

Hawaii Appleseed Center for Law & Economic Justice

Hawaii Children's Action Network

Idaho:

Northwest Progressive Institute

United Vision for Idaho

Illinois:

A Just Harvest

Agape Missions, NFP

Amalgamated Transit Union  
Chicago Area Peace Action  
Citizen Action Illinois  
Housing Action Illinois  
Illinois Alliance for Retired Americans  
ONE Northside  
Will County Progressives

Indiana:

Faith in Indiana  
Hoosier Action  
Indiana Institute for Working Families  
Lefteous Indignation

Iowa:

Iowa Alliance for Retired Americans  
Iowa Citizen Action Network  
Iowa Main Street Alliance  
Ironworkers Retiree Club Local 21  
Lower Drug Prices Now Iowa  
Oak Ridge Associated Universities (ORAU)  
Tax March Iowa  
Women's International League for Peace & Freedom, Des Moines Branch

Kansas: Kansas Alliance For Retired Americans

Kentucky:

Kentucky Alliance for Retired Americans  
Kentucky State AFL-CIO

Maine: Mainers for Accountable Leadership

Maryland:

Alliance for Retired Americans – Maryland/DC  
Maryland Communities United

Massachusetts:

American Federation of Teachers, Massachusetts  
Berkshire County Branch NAACP  
Indivisible Pittsfield  
Massachusetts Alliance of HUD Tenants  
Massachusetts Coalition for Adult Education  
Massachusetts Communities Action Network  
Massachusetts Jobs with Justice  
PHENOM (Public Higher Education Network of Massachusetts)  
Zero Debt Massachusetts

Michigan:

American Federation of Teachers - Michigan

Detroit Action

Michigan Alliance for Retired Americans

Michigan Faith in Action

Michigan League for Public Policy

Oakland Forward

St. Therese of Lisieux Catholic Church

Steelworkers Organization of Active Retirees (SOAR) District 2

Minnesota:

ISAIAH

Minnesota Alliance for Retired Americans Educational Fund

Minnesota Budget Project

TakeAction Minnesota

Mississippi: Mississippi Alliance for Retired Americans

Missouri:

Empower Missouri

Missouri Alliance for Retired Americans Education Fund

Montana:

Agadas Integrated Wellness

Big Sky 55+

Nebraska:

Grace Lutheran Church

Ironworkers Retiree Club Local 21

Nebraska Alliance for Retired Americans Educational Fund

Nevada:

Acting in Community Together in Organizing Northern Nevada (ACTIONN)

Battle Born Progress

Institute for a Progressive Nevada

Nevada Alliance for Retired Americans

New Day Nevada

New Hampshire: Granite State Progress

New Jersey:

Green Party of Monmouth County NJ

Hudson County Central Labor Council

IFPTE Local 194

New Jersey Policy Perspective

NJ State Industrial Union Council

New Mexico:

New Mexico AFSCME Chapter 18 Retirees  
New Mexico Alliance for Retired Americans  
New Mexico Voices for Children  
NM Working Families Party  
Organizers in the Land of Enchantment (OLÉ)

New York:

Alliance for Quality Education  
Church Women United in New York State  
Citizen Action of New York  
Communications Workers of America Local 1170  
Greater New York Labor-Religion Coalition  
Long Island Progressive Coalition  
Morningside Heights Resistance  
New York State Alliance for Retired Americans  
Nobody Leaves Mid-Hudson  
NYC Democratic Socialists of America (NYC-DSA)  
Strong Economy For All Coalition  
Upper West Side MoveOn/Indivisible Action Group  
We All Rise

North Carolina:

Action NC  
Center for New Revenue  
Equality North Carolina  
North Carolina Alliance for Retired Americans  
North Carolina Council of Churches

Ohio:

Black Women Rising  
Hunger Network in Ohio  
Indivisible Wooster  
IUE-CWA  
Ohio Alliance for Retired Americans Educational Fund  
One Ohio Now

Oregon:

League of Women Voters of Oregon  
Northwest Progressive Institute  
One Small Thing PDX—Indivisible  
Oregon Alliance for Retired Americans  
Oregon Center for Public Policy  
Oregon Women's Rights Coalition  
Our Children Oregon  
Tax Fairness Oregon

Pennsylvania:

Action Wellness  
Better Pennsylvania  
CWA RMC13021  
Grey Nuns of the Sacred Heart  
Just Harvest  
Keystone Research Center  
Pennsylvania Budget and Policy Center  
Pennsylvania Council of Churches  
Philly Neighborhood Networks  
The 99% Pennsylvania

Texas:

Texas Alliance for Retired Americans - TCU-IAM  
Texas Tenants' Union

Utah: Alliance for a Better Utah

Vermont:

Vermont Affordable Housing Coalition  
Vermont Alliance for Retired Americans

Virginia:

Just Neighbors  
Virginia Organizing

Washington:

Church Council of Greater Seattle  
Conscious Talk Radio  
Economic Opportunity Institute  
El Centro de la Raza  
Faith Action Network  
Fuse Washington  
Northwest Progressive Institute  
Peace & Justice Action League of Spokane  
Progress Alliance of Washington  
Transit Riders Union  
Washington State Alliance for Retired Americans  
YWCA Spokane

West Virginia:

Southern Appalachian Labor School  
West Virginia Center on Budget and Policy  
West Virginia Citizen Action Group

Wisconsin:  
Citizen Action of Wisconsin  
Wisconsin Alliance for Retired Americans  
Wisconsin Faith Voices for Justice