



## SENATOR RON WYDEN'S BILLIONAIRES INCOME TAX

A [Billionaires Income Tax](#) has been proposed by Sen. Ron Wyden, chairman of the Senate Finance Committee, and is [supported by President Biden](#). It would raise over half a trillion dollars ([\\$557 billion](#)) over 10 years, according to the Joint Committee on Taxation, just from the 700 or so wealthiest Americans. That revenue could be used to expand and improve public services like healthcare, childcare, housing and education for tens of millions of working families, as well as better respond to the climate crisis.

**The public overwhelmingly supports the Billionaires Income Tax.** [Recent polling](#) of 37 swing congressional districts shows that support for President Biden's then \$3.5 trillion Build Back Better plan increased from a net 14 points (56% to 42%) to a net 43 points (69% to 26%) when voters learn the plan is funded by taxing billionaires. Among Independent voters who are undecided about who to support for Senate in Colorado, Georgia, Nevada and New Hampshire, support for President Biden's plan [increases by an average of 42 percentage points](#) when informed that the plan will be paid for by the Billionaires Income Tax.

### HOW IT WORKS

- **Billionaires will start paying taxes on their increased wealth each year just like workers pay taxes on their paychecks each year.** The tax will apply only to taxpayers whose net worth either exceeds \$1 billion or whose income exceeds \$100 million for three consecutive years. According to Forbes, there are about [750 U.S. billionaires](#), although some of them have not held that status for three consecutive years.
- **The tax will be assessed and payable annually on tradable assets, such as stocks, where the value of the asset is known at the beginning and end of the year and the owner already gets a financial statement.** For non-tradable assets, such as ownership in a business or real estate holdings, taxes will be deferred until the asset is sold. Interest will be charged for those years that taxes were avoided and the asset increased in value. The interest rate will be the average of yields on certain U.S. Treasury securities, plus 1 percentage point.
- **The tax rate charged will be the [top capital gains rate](#), currently 20% plus a 3.8% net investment income tax.** The first year a taxpayer is subject to the tax, it will be calculated on the gain since the date the taxable asset was purchased. Since this could result in a large tax bill, taxpayers will be able to stretch these initial payments over five years.
- **The Billionaires Income Tax is not the same as the [wealth tax proposed by Sen. Elizabeth Warren](#).** The BIT will only tax any increase in asset values, not the assets themselves. If a billionaire is no wealthier at the end of the year than the beginning, no tax is due. And if total asset values decline, that will reduce any taxes due in future years. Sen. Warren's plan would annually tax wealth regardless of the change in size.

## WHY WE NEED IT

- **The wealth of America’s billionaires [increased \\$2.1 trillion](#), or 70%, to over \$5 trillion during the first 19 months of the pandemic.** The wealth growth enjoyed by about 750 Americans in that time is more than the \$1.75 trillion President Biden and Congressional Democrats have proposed investing over 10 years in their [latest Build Back Better plan](#), which would benefit tens of millions of working Americans and the environment.
- **Billionaires Jeff Bezos, Michael Bloomberg and Elon Musk paid zero federal income taxes in several recent years, according to IRS data revealed by [ProPublica](#).** The news organization also found that the richest 25 billionaires paid a tax rate of just 3.4% when the \$400 billion increase in their collective fortune between 2014-18 is counted as income. Because the wealthy make most of their money from this kind of growth in the value of their assets, ProPublica accurately calls its calculation the billionaires’ “true tax rate”.
- **White House economists found that on average, the wealthiest 400 American families paid an average effective [federal income tax rate of just over 8%](#) between 2010 and 2018, when the increased value of their stock is counted.** The average individual income tax rate for all taxpayers was [13.3% in 2018](#). That means billionaires on average are paying lower tax rates than middle-class workers like teachers, nurses, and firefighters.
- **Billionaires pay such low tax rates for two primary reasons:**
  - Most of their income comes from the increased value of investments such as stocks, a business or real estate, rather than a paycheck. They don’t have to pay taxes on that increased wealth unless they sell the assets. But [they don’t need to sell the assets](#) because they can use them to borrow money from banks at low rates and live tax free.
  - If they do sell their assets they pay a top capital gains tax rate of 20%, plus the 3.8% net investment income tax. That’s far below today’s 37% (40.8%) top rate they would pay on an equivalent salary. This is why many ultra-rich pay a lower tax rate than people in the middle class.

## ARTICLES OF INTEREST

**The American Prospect:** [The Media Got the Billionaires Income Tax Wrong](#), Nov. 4, 2021

**Bloomberg:** [How Super-Wealthy Americans Fare Under Biden’s New Tax Plan](#), Nov. 1, 2021

**Business Insider:** [The billionaires' tax that Elon Musk hates so much would raise \\$557 billion over a decade, according to nonpartisan committee](#), Nov. 8, 2021

**CNN Op-Ed:** [How to Tax Elon Musk and Jeff Bezos](#), by Edward McCaffery, Professor of Law, University of Southern California, Oct. 25, 2021

**Los Angeles Times Column:** [Thank You, Elon Musk. You’ve Just Proved Why a Billionaires Tax is Essential](#), by Michael Hiltzik, Nov. 8, 2021

**Market Insider:** [Elon Musk would pay 10 times more under Ron Wyden's billionaires' tax than if he sold 10% of his Tesla stake right now](#), Nov. 8, 2021

**New York Times Op-Ed:** [A Billionaire’s Tax Isn’t as Crazy as It Sounds](#), by Jesse Eisinger, senior reporter at ProPublica, Oct. 29, 2021

**TIME Op-ed:** [To Build Back Better, Tax Ultra-Wealthy Families Like Ours](#), by Liesel Pritzker Simmons and Ian Simmons, Sep. 29, 2021