



SENATOR RON WYDEN'S BILLIONAIRES INCOME TAX

A [Billionaires Income Tax](#) (BIT) has been proposed by Sen. Ron Wyden, chairman of the Senate Finance Committee, and is [supported by President Biden](#). It [would raise \\$557 billion](#) over 10 years, according to the Joint Committee on Taxation, from the 700 or so wealthiest Americans. There are [many options](#) for how that revenue could make healthcare, childcare, housing and education more affordable for working families, as well as respond to the climate crisis.

According to Forbes data analyzed by Americans for Tax Fairness, U.S. billionaire wealth has [grown by \\$1.7 trillion, or by 57%](#), during the first two years of the pandemic.

The public overwhelmingly supports the Billionaires Income Tax (BIT). Polling shows it enjoys the [support of large majorities](#) across the country. Nearly two-thirds (64%) of likely voters support the tax, including 61% of Independents. The BIT increases the popularity of President Biden's investment and tax plan by up to 40 points in battleground states and congressional districts, especially among undecided independent voters.

HOW THE BILLIONAIRES INCOME TAX WORKS

- **Billionaires will start paying taxes on the *gains* in their 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 data, there were [704 U.S. billionaires](#) on March 10, 2022.
- **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 an annual 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 total value of 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 value.

WHY WE NEED THE BILLIONAIRES INCOME TAX

- **The wealth of America’s billionaires [increased \\$1.7 trillion](#), or 57%, to a total of \$4.6 trillion during the first two years of the pandemic.** The wealth growth enjoyed by about 700 Americans in that time is [more than](#) all of Americans’ student-loan debt or the 10-year cost of the expanded Child Tax Credit that reduced childhood poverty by 40% in 2021 but has since expired. Billionaires owe more to our society.
- **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 as income.** The average individual income tax rate for all taxpayers was [13.3% in 2019](#). 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 the 37% (40.8%) top rate they would pay on an equivalent salary. Income from work is taxed much more heavily than wealth income.

LETTERS OF SUPPORT

[219 Economists and Law Professors Support the Billionaires Income Tax](#), Dec. 9, 2021

[Letter from 250+ Millionaires Supporting the Billionaires Income Tax](#), Nov. 1, 2021

[105 National Groups Urge Inclusion of Billionaires Income Tax in the Build Back Better Plan](#), Oct. 20, 2021

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

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