

# 101 NATIONAL ORGANIZATIONS URGE U.S. SENATE TO SUPPORT PROGRESSIVE REVENUE MEASURES IN BUILD BACK BETTER ACT

January 31, 2022

Dear Senator:

The 101 organizations below urge you to support the important progressive tax reforms in the House-passed [Build Back Better Act](#) (BBBA). They provide most of the revenue that will fund historic investments to help working families afford healthcare, childcare, education, housing, and more; access paid family and medical leave; and provide expanded tax credits that dramatically reduce child poverty. The bill will also make unprecedented investments to confront the climate-change crisis. Equally important, the BBBA's tax reforms will begin to require the wealthy and corporations to pay a fairer share.

We specifically request that you oppose efforts to weaken the bill's Corporate Profits Minimum Tax; as well as support efforts to improve the bill with popular, sensible tax reforms left out of the House BBBA, such as adopting a Billionaires Income Tax and closing the carried interest and estate tax loopholes. These additions would ensure there is adequate revenue in the bill even if negotiations among your colleagues or parliamentary rulings remove or modify existing progressive reforms. They will also blunt criticism that the legislation does not adequately tax the wealthy, especially billionaires whose [wealth has surged by 70%](#), or \$2.1 trillion, during the pandemic.

## PROTECT THE REFORMS INCLUDED IN THE HOUSE PASSED BBBA

At a minimum you should adopt the tax package in the BBBA, which repudiates the bankrupt "trickle-down" economics of tax cuts for the rich and corporations that has dominated national politics since the Reagan years. The bill will [raise about \\$1.9 trillion](#) in new tax revenue from the wealthy and corporations, [about the same amount](#) that the 2017 Trump-GOP tax giveaway cost.

Specifically, we strongly support the BBBA's tax provisions that will:

- Impose a 15% minimum tax on very large corporations (raising \$319 billion in revenue)
- Reduce tax breaks that encourage corporations to shift jobs and profits offshore (\$307 billion)
- Tax stock buybacks to discourage firms from enriching shareholders at workers' expense (\$124 billion)
- Assess a millionaires surtax of 5% on incomes over \$10 million and 8% on incomes over \$25 million (\$228 billion)
- Close loopholes that let rich business owners escape paying Medicare taxes and claim excess business losses (\$412 billion)
- Strengthen the Internal Revenue Service to catch wealthy and corporate tax cheats (\$400 billion)

(More details on each of these provisions are available [here](#).)

In addition to raising needed revenue and making the tax code fairer, these reforms will also reduce the significant role our unfair tax system plays in exacerbating racial inequities. Race should not be a contributing factor on how the tax code impacts families; however, many of its provisions tend to boost the economic fortunes of white families to the disadvantage of families of color. The BBBA's tax reforms will begin to reverse those pernicious effects, and the additional reforms proposed in this letter will do even more.

## **OPPOSE WEAKENING OF THE CORPORATE PROFITS MINIMUM TAX**

Not surprisingly, corporate special interests are trying to weaken this reform. In particular, highly profitable corporations—after successfully lobbying against even modest increases in the domestic corporate rate—are now seeking to kill the Corporate Profits Minimum Tax (CPMT), or at least secure special carve-outs for themselves or their industries. The CPMT will generate \$319 billion, or roughly half of the BBBA’s revenue from corporations.

The CPMT will end the scandal of huge, profitable corporations paying zero income taxes by applying a 15% tax on the profits they report to investors. Every year since enactment of the 2017 Trump-GOP tax law, dozens of big firms, such as FedEx, Salesforce and T-Mobile, have avoided [paying any federal income taxes](#) despite billions of dollars in reported profits. That’s possible because firms essentially keep two sets of financial books. The one they show Wall Street boasts big profits to attract investors and pad executive pay. The other one they show the IRS claims little or no profit to avoid taxes.

The BBBA’s corporate minimum tax will apply to roughly 200 of the country’s biggest corporations — those with over \$1 billion in annual earnings. It is enormously popular with voters: in a [recent poll](#), nearly three-quarters (72%) supported it, 43% “strongly.” It was even supported by 59% of Republicans.

The BBBA is our opportunity to ensure that big corporations pay at least some federal income tax every year and contribute to an economy that works for all of us. Since white taxpayers are much more likely than Black or Latino taxpayers to be shareholders or high-paid executives of big corporations, the CPMT will help narrow racial economic gaps.

## **ENSURE THAT BILLIONAIRES PAY THEIR FAIR SHARE**

Senate Finance Committee Chairman Ron Wyden’s [Billionaires Income Tax](#) (BIT) will [raise about \\$550 billion](#) over 10 years by taxing the astronomical increase in the asset value of roughly 700 taxpayers who are often able to simply opt out of taxation under the current system. It is [endorsed by more than 250 millionaires](#), [105 national organizations](#), and [219 law professors and economists](#). It is also what the American people want—by overwhelming margins. Polling shows a Billionaires Income Tax enjoys the support of supermajorities across the country. It increases the popularity of the Build Back Better agenda [by up to 40 points](#) in battleground states and districts, especially among [undecided independent voters](#). Should the need arise for substantial new revenue to finance the BBBA, we urge you to adopt the BIT.

America has a huge wealth gap that is many times worse when comparing the wealth of whites with that of Blacks and Latinos. A primary feature of our tax system that gives rise to this inequity is that income from wealth, which is mostly accumulated by whites, is often not taxed at all, or when it is taxed the rate is almost half the top rate on income from wages, which is how most Americans earn a living. By taxing income generated by wealth each year, rather than let it accumulate tax free, the BIT will strike a blow against the concentration of wealth among overwhelmingly white billionaires, and the revenue can be invested in communities and working families to help close economic and racial wealth gaps.

The BIT would help solve another problem as well. Conservatives are waging a loud and misleading media campaign claiming the BBBA will give big tax cuts to the wealthy, even though the [Joint Committee on Taxation estimates](#) that BBBA will raise the tax rates of millionaires by 3.2 percentage points next year and by more than 6 percentage points in 2027 and beyond. A sure way to neutralize these false claims, while raising more than a quarter of the BBBA’s revenue, is by making the Billionaires Income Tax a cornerstone of the revenue plan. Enacting the BBBA without taxing the extraordinary gains made by the country’s billionaires would be a serious omission.

## **CLOSE THE CARRIED INTEREST LOOPHOLE**

It is unconscionable that the House-passed BBBA does not close the carried interest loophole, despite widespread support in the public and in Congress for doing so. This blatantly unfair tax break allows wealthy money managers to cut their tax bills almost in half by falsely characterizing labor income as investment gains and then deferring any tax payments for years.

Wages are taxed at up to 37%, but the carried interest loophole allows money managers to exploit the capital-gains rate, which is capped at 20%. (For both types of income, the highest earners pay an extra 3.8% that funds healthcare.) Carried interest also allows fund managers to defer tax on their compensation until the fund's investments are sold. All other workers pay tax on their labor income as it's earned.

Carried interest is rightly vilified across the political spectrum as the poster child for how the wealthy are allowed to play by a different set of rules. [Barack Obama](#) and [Jeb Bush](#) both opposed it. [Hillary Clinton](#) [vowed to end](#) it by executive action if necessary. Donald Trump declared that hedge-fund managers who exploit the loophole are "[getting away with murder](#)." Senator Joe Manchin is a cosponsor of a bill [that would end carried](#) interest. Even the business-friendly GOP tax law of 2017 [trimmed the handout](#).

The best solution is to close the loophole entirely, as Sen. Ron Wyden has proposed in his [Ending the Carried Interest Loophole Act](#) (S. 2617). The House Ways and Means Committee [proposed this year](#) to narrow the loophole by extending the holding period for assets from three to five years and adding several anti-abuse rules, which [would raise \\$14 billion](#). Congress must take steps to close this most indefensible of loopholes.

## **CLOSE ESTATE AND GIFT TAX LOOPHOLES**

Equally unconscionable are the loopholes that make the federal estate tax a voluntary tax, even for billionaires. In September, [ProPublica reported](#) on the systematic exploitation of grantor retained annuity trusts (GRATs) and other estate tax loopholes by the 100 richest Americans. [Reporting by Bloomberg](#) showed how just one billionaire used a combination of GRATs and valuation discounts to shelter \$6 billion from estate tax, at a cost to taxpayers of \$2.4 billion.

The House Ways and Means Committee [proposed measures to close some of these indefensible loopholes](#) and [raise \\$28 billion](#) over the first 10 years but far more in later years. Mysteriously, these reforms were not included in the House-passed BBBA bill. The legislative solutions are straightforward. There's no justification for leaving these loopholes open.

The Build Back Better Act is historic legislation that will materially and significantly improve the lives of millions of working families. Its investments are fully paid for, mostly by requiring the rich and corporations to pay a fairer share of taxes. Please do not weaken the progressive tax reforms already in the bill, but instead strengthen them by adding proposals in this letter.

Sincerely,

Americans for Tax Fairness  
AFL-CIO  
African American Health Alliance  
Alliance for a Just Society  
Alliance for Retired Americans  
American Family Voices  
American Federation of Government Employees (AFGE)

American Federation of State, County and Municipal Employees (AFSCME)  
American Federation of Teachers  
American Postal Workers Union (APWU)  
American Sustainable Business Network  
Americans for Democratic Action (ADA)  
Americans for Financial Reform  
American-Arab Anti-Discrimination Committee (ADC)  
Asian Pacific American Labor Alliance, AFL-CIO  
Be a Hero  
Bend the Arc: Jewish Action  
Blue Future  
Campaign for America's Future  
Center for Common Ground  
Center for Economic and Policy Research  
Center for LGBTQ Economic Advancement & Research (CLEAR)  
Center for Law and Social Policy (CLASP)  
Center for Popular Democracy  
Center for the Blue Economy  
Church World Service  
Coalition on Human Needs  
Coalition of Labor Union Women  
Common Defense  
Communications Workers of America (CWA)  
Congregation of Our Lady of Charity of the Good Shepherd, US Provinces  
Demos Action  
Economic Policy Institute  
Face the Music Collective  
Family Values @ Work  
Faith in Public Life  
For Our Future  
Franciscan Action Network  
Friends Committee on National Legislation  
Groundwork Action  
Health Care for America Now  
Health Care Voter  
Hedge Clippers  
In the Public Interest  
Indivisible  
Insight Center for Community Economic Development  
Institute for Policy Studies - Inequality Program  
Institute on Taxation and Economic Policy  
International Association of Machinists & Aerospace Workers  
International Brotherhood of Teamsters  
International Federation of Professional and Technical Engineers (IFPTE)  
International Union, United Automobile Aerospace and Agricultural Implement Workers of America  
Invest in America Action  
IronPAC  
Jean-Michel Cousteau's Ocean Futures Society  
Jobs with Justice  
Just Strategy

Main Street Alliance  
MoveOn  
NAACP  
National Advocacy Center of the Sisters of the Good Shepherd  
National Association for Hispanic Elderly  
National Center for Lesbian Rights  
National Education Association  
National Employment Law Project  
National Latino Farmers & Ranchers Trade Association  
National Organization for Women  
National Postal Mail Handlers Union  
National Women's Law Center  
Network Lobby for Catholic Social Justice  
#NoRA  
Our Revolution  
Oxfam America  
Patriotic Millionaires  
People Demanding Action  
People's Action  
Presente.org  
Pride at Work  
Progressive Change Campaign Committee  
Public Citizen  
Responsible Wealth  
RESULTS  
Service Employees International Union  
Small Business Majority  
Social Security Works  
South Asian Network  
Strong Economy for All Coalition  
Take On Wall Street  
Tax Justice Network US  
Tax March  
UltraViolet  
Unitarian Universalists for Social Justice  
Unite Here  
United Church of Christ Justice and Local Church Ministries  
United for a Fair Economy  
United Food and Commercial Workers International Union (UFCW)  
United Methodist Church - General Board of Church and Society  
United Steelworkers  
Women's International League for Peace & Freedom - US Section National Women, Money &  
Democracy Committee  
Women's March  
Working Families Party