

67 NATIONAL GROUPS URGE INCLUSION OF BILLIONAIRES INCOME TAX IN THE BUILD BACK BETTER ACT

October 18, 2021

Dear Member of Congress:

We urge you to support the [Billionaires Income Tax](#) (BIT) proposed by Senate Finance Committee Chairman Ron Wyden and [supported by President Biden](#). It is a popular, progressive and robust funding source for the Build Back Better (BBB) plan's vital investments in working families and communities. [Recent polling](#) shows this billionaire's tax makes the BBB plan much more popular. If Congress fails to include it in BBB, it will have failed to address the most fundamental source of unfairness in our tax code, and many billionaires would continue paying ultra-low tax rates that are below what millions of working families pay.

The ability of billionaires to avoid paying their fair share of taxes is well documented and scandalous. With respect to federal income taxes, billionaires Jeff Bezos paid zero in 2007 and 2011, Elon Musk paid zero in 2018, and Michael Bloomberg paid zero several times in "recent years". On average, the wealthiest 400 families in the country paid an effective [federal income tax rate of just over 8%](#) in recent years, when the increased value of their stock is counted, according to White House economists. [ProPublica similarly found](#) that the richest 25 billionaires paid an effective tax rate of just 3.4% on a \$400 billion increase in their collective fortune between 2014-18. It is unconscionable that billionaires can pay lower tax rates than middle-class workers like teachers, nurses, and firefighters.

Billionaires should start paying their fair share to help fund the BBB plan's investments, which include making health care and housing more affordable; increasing investment in public education, child care, and home- and community-based supports for the elderly and people with disabilities; providing a national, comprehensive paid family and medical leave program; extending the Child Tax Credit expansions that will reduce child poverty by over 40%; and investing in clean energy innovation and jobs. These long-overdue investments will create good-paying jobs, rebuild communities and expand opportunities for working families. The BBB plan will stimulate long-term economic growth and reduce economic inequality. Importantly, the plan will [achieve greater racial equity](#).

The House Ways and Means Committee recently approved \$2.1 trillion in new revenues to help pay for the BBB plan's investments without raising income taxes on anyone earning less than \$400,000 a year. The committee's tax hikes on wealthier Americans include restoring the 39.6% top tax rate on ordinary income, up from the 37% it was reduced to just four years ago; raising the top capital gains rate from 20% to 25%; and adding a 3% surtax on incomes above \$5 million. Unfortunately, the committee did not include [repeal of the stepped-up basis loophole](#), the measure proposed by President Biden that would have ensured that billionaires cannot avoid taxes on investment gains for their entire lives and then pass those assets onto heirs who will never be taxed on that increase in value of the assets.

Because of the way most billionaires make their money, many could remain virtually untouched by BBB tax reform unless it includes the Billionaires Income Tax. Exempting billionaires from reform would not only forego hundreds of billions of dollars in revenue but be a moral outrage. America's 700-plus billionaires saw their [wealth increase \\$1.8 trillion](#), or 62%, during the first 17 months of pandemic misery in which millions of ordinary Americans lost their jobs, homes or lives. That 17-month increase in wealth is more than half the original \$3.5 trillion cost of the BBB investments, which is over ten years.

The reason billionaires could potentially sidestep all the BBB plans other tax reforms is that most of their income comes not from a paycheck but from the growing value of their investments in stocks, businesses, real estate and other assets. They don't have to pay taxes on that increased wealth unless they sell these assets. But the ultra-rich don't need to sell their assets to fund luxurious lifestyles. Instead, they can live off money they borrow at low interest because of the size of their fortunes and thereby live tax free.

The Billionaires Income Tax would end the scandal of tax-free billionaires by taxing their main source of income, the annual growth in their wealth. The tax would apply only to those 700 or so Americans with at least \$1 billion in assets. Payment of the taxes owed would be required annually for increases in value of easy-to-price assets like corporate stock. Tax on the growth in value of harder-to-price assets like real estate, private businesses and collectibles would only be due on sale, with an added interest charge assessed to compensate for the years of tax-free growth.

As lawmakers and advocates work to get the Build Back Better plan across the finish line, the Billionaires Income Tax's ability to lift the overall popularity of the package cannot be overstated. [Recent polling](#) of 37 swing congressional districts shows that support for President Biden's \$3.5 trillion BBB proposal rises from a net 14 points (56% to 42%) to a net 43 points (69% to 26%) when voters learn the package is funded by taxing billionaires. Taxing billionaires is also highly popular in West Virginia and Arizona polling.

The BBB plan can best fulfill its promise of a more equitable economy for all with robust investments in children, families, and the economy and environment overall, and those investments can be funded by fairer taxes on the rich and corporations. Those fairer taxes on the ultra-rich can best be achieved with the Billionaires Income Tax. To build back better, we must adequately tax billionaires' income from wealth.

Sincerely,
List in formation

AFL-CIO
Alliance for a Just Society
Alliance for Retired Americans
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers
Americans for Democratic Action (ADA)

American Family Voices
Americans for Financial Reform
Americans for Tax Fairness
Asian Pacific American Labor Alliance, AFL-CIO
Blue Future
Brave New Films
Campaign for America's Future
Center for American Progress
Center for Common Ground
Center for LGBTQ Economic Advancement & Research (CLEAR)
Center for Popular Democracy
The Coalition of Labor Union Women
Coalition on Human Needs
Communications of Workers America (CWA)
Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces
Demos
Economic Policy Institute
ExtendPUA.org
Franciscan Action Network
The Friends Committee on National Legislation
Groundwork Action
Health Care for America Now
Hedge Clippers
ICNA Council for Social Justice
Indivisible
Institute for Policy Studies - Program on Inequality
Institute on Taxation and Economic Policy
International Brotherhood of Teamsters
International Federation of Professional and Technical Engineers (IFPTE)
The International Union, United Automobile, Aerospace, and Agricultural Implement Workers
of America (UAW)
Jean-Michel Cousteau's Ocean Futures Society
Legal Aid at Work
Main Street Alliance
Missionary Oblates
MoveOn
National Advocacy Center of the Sisters of the Good Shepherd
National Association for Hispanic Elderly
National Association for the Advancement of Colored People (NAACP)
National Education Association
National Employment Law Project
National Organization for Women
National Women's Health Network
National Women's Law Center
NETWORK Lobby for Catholic Social Justice

Our Revolution
Oxfam America
Patriotic Millionaires
Progressive Change Campaign Committee
Progressive Democrats of America
Prosperity Now
RESULTS
RootsAction.org
Service Employees International Union
Social Security Works
South Asian Network
Take on Wall Street
Tax Justice Network US
Tax March
The United Methodist Church - General Board of Church and Society
Voices for Progress
Women's March