



Statement of Frank Clemente, Executive Director, Americans for Tax Fairness, Upon House Introduction of the Billionaire Minimum Income Tax

July 28, 2022

Thank you Representatives Cohen and Beyer for introducing the Billionaire Minimum Income Tax Act—a proposal put forward by President Biden earlier this year. I am here representing the hundreds of national and state organizations that are part of American for Tax Fairness—a coalition of human needs groups, unions, think tanks and more. We are working together to create a fair tax system, which is essential to creating an economy that works for all of us.

Already more than 50 national groups in the ATF coalition have endorsed your legislation. Many more will do so in the coming days. Taxing billionaires is our top priority this election season. Constituents and voters want to know whether their elected representatives are standing with them or with the 700 richest people in the country.

Let me summarize why we believe the Billionaire Minimum Income Tax is a cornerstone to creating a fairer tax system.

- 1. It is critical that billionaires who now go income tax-free, or pay a low tax rate, start paying closer to their fair share.** Congress must end the scandal of billionaires paying a lower tax rate than teachers, nurses and firefighters.
- 2. It is essential that our tax system start treating income from wealth the same as income from work.** Workers' paychecks are taxed all year, every year. But billionaires can go a lifetime without their investment income being taxed one penny unless they sell their assets. It's time to end that inequity and tax the growth in the value of investments like we tax wages.
- 3. America's 700 billionaires should be paying much higher taxes.** Since the beginning of the pandemic, their [wealth has grown by \\$1.5 trillion](#). They are 50% richer today than in March 2020. Their \$4.4 trillion in wealth is much more than the [wealth held](#) by the [bottom half](#) of American society.
- 4. This tax will [raise at least \\$360 billion](#) and probably a lot more**—money that will lower the costs to working families of childcare, healthcare, housing, education and much more. Too many people are struggling. They need your help, Congress—this is a way to pay for it
- 5. [Polling shows](#) that the American people want this tax—by overwhelming margins.** It has very strong support among Independents and often from a majority of Republicans.
- 6. Finally, our democracy needs a billionaire income tax.** Billionaires are literally buying elections. They [pumped \\$1.2 billion into the 2020 federal elections](#), 40 times more than they donated in 2010. They contributed \$1 out of every \$10, while making up just a very tiny share of all donors. They are creating and funding super PACs with millions of dollars to elect candidates who will do their bidding. Working Americans know the system is rigged. Enacting a Billionaire Minimum Income Tax will start to rebuild trust in our tax code, our economic system, our democracy. So, let's get it done.



KEY FACTS ABOUT TAXING BILLIONAIRES

As of July 28, 2022

Billionaires keep getting richer and richer while many working families are barely able to keep their heads above water and struggle to afford healthcare, childcare, eldercare, education, and housing.

- As of July 25, 2022, America's roughly 700 billionaires had \$4.4 trillion in wealth. They [grew \\$1.5 trillion, or nearly 50%, richer](#) since the pandemic began 28 months ago.
- The gap in wealth between the ultrarich and everyone else has grown so distorted that these roughly 700 billionaires had more wealth than the [65 million households](#) in the bottom half of American society, who are collectively worth [\\$3.9 trillion](#).
- Billionaire wealth as a share of total American household net worth has risen persistently since 2010. In 2010 billionaires held 2.2% of all wealth, right before the pandemic it had grown to 2.8%, and in 2022 it is 3.5%. ([Forbes and Federal Reserve data](#))
- Billionaire wealth, which is [overwhelmingly held by White families](#), is equal to 70% ([\\$6.3 trillion](#)) of the total wealth of America's 18.6 million Black households, and is 20% larger than the total wealth of America's 12.8 million Hispanic households ([\\$3.7 trillion](#))
- These inequities are partly caused by our unfair tax system, which requires workers to pay income taxes out of every paycheck while enabling billionaires to defer paying income taxes for years—or avoid paying taxes altogether—on the income they generate from their wealth held in corporate stock and other assets.

Billionaires do not pay close to their fair share of taxes and typically pay a lower average tax rate than many working families.

- In multiple years, according to IRS data uncovered by ProPublica, billionaires such as Jeff Bezos, Elon Musk, Warren Buffett and Michael Bloomberg [paid zero federal income taxes](#) even as their wealth grew by billions of dollars.
- ProPublica also found that from 2014 to 2018, the 25 wealthiest Americans paid an average effective federal income tax rate of just 3.4% when the growth in their wealth is counted as income.
- The White House found that over a recent nine-year period (2010-2018), the 400 wealthiest Americans paid an average effective federal income [tax rate of only 8.2%](#) when the growth in the value of their stock holdings is included in their income.
- The average federal income tax rate for all taxpayers [was 13.3%](#) in 2019.

Billionaires are able to avoid paying their fair share of taxes because the rising value of their wealth from assets is not taxed unless those assets are sold.

- [Billionaires do not need to sell their assets](#) to turn the increasing value of their wealth into cash income; instead, they use their swelling fortunes to secure special low-interest loans that allow them to live lavishly without paying income taxes.
- A lifetime of such income growth can be [passed onto the next generation tax-free](#).

Billionaires are increasingly trying to buy elections and their influence in elections has grown exponentially since the Supreme Court's 2010 *Citizens United* decision.

- Billionaires [pumped \\$1.2 billion into the 2020 elections](#) (not counting the self-funded presidential campaigns of Michael Bloomberg and Tom Steyer), almost 40 times more than the \$31 million they donated in 2010, the first year the *Citizens United* rules were in effect.
- In the 2020 election cycle, billionaires contributed nearly \$1 out of every \$10, while making up just 0.01% of all donors contributing more than \$200.
- [Almost half the money \(47%\)](#)—\$89.4 million out of a total of \$188.3 million—raised by the two main GOP congressional super PACs through the first 16 months of the 2022 campaign cycle has come from just 27 billionaires.
- [Billionaires donated almost \\$240 million](#) to the combined campaign efforts of Donald Trump's two runs for president. Over half came from just one billionaire household, that of casino magnate Sheldon Adelson (who has since died).

A special income tax on billionaires will raise hundreds of billions of dollars that can be used to lower costs for working families and make other crucial public investments.

- President Biden's Billionaire Minimum Income Tax, which has been introduced in the House by Reps. Steve Cohen (TN) and Don Beyer (VA), [would raise \\$360 billion](#) over 10 years.
- The Billionaires Income Tax proposed by Sen. Ron Wyden, chairman of the tax-writing Senate Finance Committee, and Rep. Jamaal Bowman (NY), [would raise \\$550 billion](#) over 10 years.
- This revenue can [help lower the costs to working families](#) of childcare, healthcare, housing, education and more. It can help fund solutions for climate change that is threatening our communities with wildfires, droughts and floods.

[Polling shows](#) that the American people want this tax—by overwhelming margins.

- Three-fifths (59%) of likely voters support the features in the Billionaire Minimum Income Tax.
- Two-thirds (64%) of likely voters support the features in Wyden's Billionaires Income Tax, including 61% of Independents. It increases the popularity of President Biden's Build Back Better economic agenda by up to 40 points in battleground states and congressional districts, especially among undecided independent voters.

[Experts agree](#) a billionaires income tax would be both Constitutional and difficult for billionaires to avoid.

- It taxes income from wealth as it is accumulated each year, just like income from wages is taxed in each paycheck.
- Such a tax would annually tax the rising value of assets like corporate stock, which is the main source of billionaire income and goes untaxed for years, decades or even forever.