

TO: Interested Parties
FROM: Hart Research and ALG Research
DATE: June 8, 2021
RE: Message Recommendations for Biden Tax Proposals

From May 20-25, 2021, ALG Research and Hart Research Associates conducted a national survey among 1,104 registered voters on behalf of Americans for Tax Fairness (ATF). This memo reviews the survey's key message findings.

Core Message. We recommend this core message as the foundation for communications in support of the tax provisions in President Biden's economic proposals:

Last year, 55 of America's biggest corporations paid no federal income taxes and the wealth of just 650 billionaires rose by 50%, while millions of working Americans suffered. This plan will build an economy that rewards work, not just wealth. It ensures the wealthy and big corporations pay their fair share of taxes, and it does not raise taxes on anyone making under \$400,000 a year. And it supports investments in affordable healthcare, infrastructure, eldercare, childcare, clean energy, and education, to create millions of jobs and build an economy that works for all of us.

Support for Biden's tax proposals stems from voters' belief that the wealthy and corporations get special treatment, more than concern about income inequality.

- Fully 68% of voters say it is extremely or very important for Congress and the president to "ensure the wealthy and corporations pay their fair share in taxes," making it a much higher priority than either "reducing the wealth gap between rich and poor" (49%) or "reducing income inequality" (49%).
- These are the facts that voters say are the strongest reasons to raise taxes on corporations and the wealthy:
 - *55 Fortune 500 corporations paid no taxes last year despite making over \$40 billion in profits.*
 - *The richest 1% cheat on their taxes more often than regular people, and they evade \$175 billion in taxes every year.*
 - *Millionaires living off their income from stocks can pay a lower tax rate than teachers and nurses pay on their wages.*
 - *650 U.S. billionaires saw their total wealth increase by 55%, or \$1.6 trillion during the first 13 months of the pandemic.*

Highlight the fact that Biden’s plan does not raise taxes on anyone making less than \$400,000.

- While this might seem to be a clear implication of Biden’s proposing to raise taxes on “the wealthy,” it won’t be obvious to many voters who reflexively fear that average people are forced to bear any new tax burden. When we spell out that no one making under \$400,000 will pay higher taxes, 69% feel more favorable about the plan.

Emphasize that the plan will grow the economy by creating jobs, helping small business, and making healthcare more affordable. Highlight popular investments funded by Biden’s tax reforms: elder care, infrastructure, clean energy, childcare, and education.

- The Biden economic plan directly advances three of voters’ very top economic priorities for Congress and the president today: creating jobs (77% extremely/very important), making healthcare affordable (73%), and helping small businesses (69%).
- Key elements of Biden’s economic plans are considered important priorities:
 - Rebuilding America’s infrastructure (66%)
 - Expanding access to high-quality, affordable long-term care for the elderly (66%)
 - Reducing child poverty (62%)
 - Making housing more affordable (58%)
 - Increasing investment in public education (58%)
 - Expanding the use and development of clean energy (56%)
 - Expanding access to high-quality, affordable childcare (51%).
- While voters support these elements of Biden’s plan, the \$4 trillion price tag – separated from the investments it funds – elicits a negative response from 54% of voters. Given this potential for “sticker shock,” do not emphasize the total cost of Biden’s plans.

Contrast the president’s approach of raising taxes on the wealthy and profitable corporations with the alternatives of increased federal debt or making average Americans pay more – both of which are unpopular.

- By a 7-to-1 ratio voters prefer funding Biden’s economic plan by raising taxes on the wealthy and corporations over borrowing and increasing the debt.
- By an 11-point margin, voters oppose expanding user fees and tolls for drivers.

Voters respond strongly when we emphasize that the Biden plan closes loopholes for the wealthy and corporations and cracks down on their tax cheating.

- Three in four voters (74%) favor strengthening IRS enforcement to ensure that the wealthy and corporations aren’t evading taxes.
- Voters support ending “stepped up basis” for large estates by a 50-point margin (72% to 22%) when it is presented in terms of “closing the loophole that often allows the wealthy to avoid paying taxes on investment gains for their entire lives.”

- Fully 74% support increasing capital gains tax rates for millionaires when it is described as “closing the loophole that lets the wealthy pay a lower tax rate on their investment income than workers pay on their wages.”

Describing Biden’s proposals as repealing the 2017 Trump tax cuts does not increase support, and may undercut our appeal to conservative voters.

- While 67% express support for raising taxes on those earning more than \$400,000 a year, a smaller 55% majority supports “eliminating the 2017 tax cuts” for the same income range.
- While a 44% plurality favors eliminating the 2017 tax cuts for corporations and those earning over \$400,000, that is lower than the 69% that supports raising taxes on these groups.

To reach moderate to conservative audiences, who worry about increasing government spending, replace the messaging on investments with a focus on how the plan reduces outsourcing and boosts U.S. manufacturing, and the support it provides for small businesses.

- *This plan will eliminate tax breaks that encourage corporations to outsource jobs and shift profits to offshore tax havens, and will invest in strengthening American manufacturing, helping to keep and create more American jobs here at home;*
- *This plan will help small businesses recover and compete with big corporations. It will close loopholes that allow big corporations to avoid paying their fair share of taxes and provide more support to small businesses to get them back on their feet and hire more workers.*

Respond to GOP attacks on Biden’s proposals by pointing out that they are protecting the super wealthy and big corporations who don’t pay their fair share.

- Republicans will claim variously that Biden’s tax proposals will kill the economic recovery, cost jobs, raise prices, and blow up the national debt. Regardless of the specific attack, our strongest response is to focus voters’ attention on the GOP’s real motivation: allowing the wealthy and profitable corporations to avoid paying their fair share. Rather than engaging with the details of their false claims, make Republicans defend loopholes for large corporations and tax cheating by billionaires. Republicans are fighting to:
 - Make sure many Fortune 500 corporations pay less in taxes than an average middle-class family.
 - Let the top 1% continue cheating on their taxes, costing taxpayers’ billions, while average Americans pay their fair share.
 - Make sure the billionaires who became even wealthier during the pandemic never have to pay any taxes on most of their earnings.

Our job is to make Republicans own these positions.