

58 NATIONAL GROUPS OPPOSE CORPORATE TAX BREAKS IN YEAR-END BUDGET DEAL

December 6, 2022

Dear Member of Congress:

We urge you to oppose the inclusion of corporate tax breaks in any lame-duck legislative package. At a time when corporations are making [record-high profits while paying record-low taxes](#) as a share of the economy, and when corporate [price gouging is helping to fuel inflation](#), corporations should start paying *more* of their fair share, not less.

Specifically, we strongly oppose the following corporate-tax giveaways that have been proposed, which would extend very generous tax breaks in the Trump-GOP tax law that are expiring in 2022 and 2023 and would [cost about \\$600 billion](#) if they are made permanent:

- **Extending the overly generous Research & Experimentation tax deduction beyond 2022** so that corporations can continue to write off 100% of research expenses all at once instead of over five years, which is a more realistic reflection of how corporations benefit from R&E. *Cost: \$60 billion (1st year); \$155 billion (10 years)*
- **Extending the overly generous Net Interest tax deduction beyond 2022** so that corporations and [private equity firms](#) (which typically buy companies and load them up with debt) can continue to deduct more of the cost of borrowing money, by changing how the deduction is calculated. *Cost: \$20 billion (1st year); \$200 billion (10 years)*
- **Extending 100% Bonus Depreciation beyond 2023** so corporations can continue to write off immediately the full cost of assets that hold their value a long time. *Cost: \$15 billion (1st year); \$250 billion (10 years)*

These tax giveaways in the 2017 Trump-GOP tax law were given expiration dates to hide the true cost of the 40% cut in the corporate income tax rate that was the centerpiece of that legislation. Even with these tax breaks expiring, the Congressional Budget Office estimates that the Trump-GOP tax law will lose [\\$1.6 trillion](#) over its first decade, and most of those tax cuts are benefiting [corporations and the wealthy](#). Now corporations are pushing to retain the special tax breaks, making the Trump-GOP tax law even more costly.

Some lawmakers may propose to extend these provisions for just one or two years, exploiting timing gimmicks to make them appear far less expensive than the first-year cost cited above. Because of the nature of tax advantages they offer, two of the breaks that together cost more than \$400 billion over 10 years, appear relatively cost-free if they are extended for a very short period.

But that is an illusion. The 10-year cost of a 1-year extension *appears* to be less costly than it is because official scorekeepers must pretend that the tax break will lapse after the first year, making tax collections for later years artificially appear higher. If R&E and bonus depreciation deductions are taken immediately, for example, they aren't available to be taken the next year.

Thus, short-term extensions score as though there's little change in any given company's tax liability over the full 10-year window. But these tax breaks aren't intended to be temporary, and corporations will demand repeated extensions until they are made permanent, wiping out all of the resulting revenues in later years.

Some of the most prominent corporations lobbying for extending these tax breaks are also among the nation's most prominent tax dodgers. For example, five members of the [leadership committee of the R&D Coalition](#)—**Amazon, Ford, Intel, Microsoft, and Northrop Grumman**—which is leading the charge for this tax break, have in recent years paid tax rates below the average [13% rate paid by families](#), according to an [analysis](#) by the Institute on Taxation and Economic Policy (ITEP) and Americans for Tax Fairness (ATF).

Congress should not reverse corporate tax increases that Republicans included as deliberate pay-fors in the Trump-GOP tax law. Instead, it should raise taxes on corporations by building on the tax reforms enacted in the Democrats' [Inflation Reduction Act](#) and proposed in President Biden's original [Build Back Better plan](#), so that the biggest firms pay closer to their fair share of taxes.

Extending these tax breaks will wipe out the revenue being raised by the 15% Corporate Alternative Minimum Tax in the Inflation Reduction Act. That measure [raises about \\$220](#) billion to fund clean energy investments, far less than the \$600 billion cost of making these three tax breaks permanent.

Working families need the revenue that fairer corporate taxes would generate to lower the costs of household essentials. Greater corporate tax revenue can help lower the cost families pay for healthcare, education, housing and other vital services; strengthen Social Security and Medicare, which have [been threatened with cuts](#); and fund other useful public services.

The 2022 midterm elections offered no mandate for corporate tax cuts—in fact, the message delivered by the electorate was just the opposite. While several factors contributed to the GOP's poor showing in the midterms, more money was [spent on tax issue ads](#) in congressional races than on any other issue in the two months before the election, with 71% of it by Republicans and their outside groups. Those ads attacked Democrats mostly for the tax increases in the Inflation Reduction Act. Voters rejected this anti-tax-fairness agenda; it should not be supported in Congress's closing days.

[Public opinion is clear](#): voters want Congress to raise taxes on big corporations, not cut them. Voters want an economy that works for all of us—not one that favors big corporations and billionaires. Renewing these tax breaks will show voters you are not on their side.

Again, we urge you to oppose the inclusion of corporate tax breaks in any lame-duck spending package. There is more information about these tax breaks in fact sheets by [Americans for Tax Fairness](#), the Institute on Taxation and Economic Policy [here](#) and [here](#), and the [Center for American Progress](#).

Sincerely,

Alliance for a Just Society
American Family Voices
American Federation of Government Employees
American Federation of State, County and Municipal Employees
American Federation of Teachers
Americans for Democratic Action (ADA)
Americans for Tax Fairness
Asian Pacific American Labor Alliance, AFL-CIO
Blue Future
Campaign for America's Future
Center for Common Ground
Center for Popular Democracy
CommonDefense.us
COVID Survivors for Change
Demos
Family Values @ Work Action
Friends of the Earth US
Greenpeace USA
Groundwork Collaborative
Health Care for America Now
Health Care Voices
Health Care Voter
Income Movement
Indivisible
In The Public Interest
Institute for Policy Studies - Inequality Program
Institute on Taxation and Economic Policy
Ironpac
International Brotherhood of Teamsters
Jobs with Justice
Main Street Alliance
MoveOn
National Black Justice Coalition
National Education Association
National Employment Law Project
National Health Care for the Homeless Council
National LGBTQ Task Force Action Fund
National Organization for Women
Other 98
Our Revolution
Oxfam America
Patriotic Millionaires
People Demanding Action
People's Action
Poder Latinx

Pride At Work
P Street/Progressive Change Institute
Public Citizen
Responsible Wealth
RootsAction.org
Service Employees International Union (SEIU)
Sisters Lead Sisters Vote
Social Security Works
Strong Economy For All Coalition
Tax Justice Network — USA
United for a Fair Economy
Unrig Our Economy
WeAreUltraviolet.org