



August 5, 2022

Dear Senator:

On behalf of the [hundreds of endorsing organizations](#) of the Americans for Tax Fairness coalition, we write to urge swift Senate passage of the Inflation Reduction Act (IRA) without weakening any of its critical tax reforms. The IRA will improve the lives of Americans by bringing down the costs of prescription drugs, health insurance and home energy bills and by tackling the climate crisis that threatens our communities with fires, floods and droughts. It is fully paid for by curbing drug-company price gouging and by making corporations—including oil companies enjoying record profits from high gas prices—pay a fairer share of taxes. No taxes will be raised on anyone making less than \$400,000 a year, and the federal deficit will be reduced by \$300 billion.

The IRA and its tax reforms are bold but sensible proposals supported by a wide array of experts and advocates:

- **Five former Treasury secretaries** who served in both Democratic and Republican administrations [have signed a statement](#) that says: “[W]e support the Inflation Reduction Act which is financed by prudent tax policy that will collect more from top-earners and large corporations. Taxes due or paid will not increase for any family making less than \$400,000/year. And the extra taxes levied on corporations do not reflect increases in the corporate tax rate, but rather the reclaiming of revenue lost to tax avoidance and provisions benefitting the most affluent.”
- **Over 125 economists—including seven Nobel Laureates in Economics—**[have sent a letter](#) to Congressional leadership that states: “These investments would be more than fully paid for. The revenue raised to finance them would come exclusively from wealthy individuals and corporations. Further, the revenue stems from enhanced tax enforcement and closing some of the most distortionary loopholes in the tax code.”
- The two biggest tax-revenue raisers in the bill—the Corporate Alternative Minimum Tax (CAMT) and enhanced funding for IRS enforcement—were specifically endorsed earlier this summer in a [letter to the Senate](#) from **66 national organizations**, ranging from the AFL-CIO to National Women’s Law Center to Oxfam.
- [See other similar statements from policy experts here.](#)

Public support for the bill is just as robust: a [collection of polls show](#) the IRA and the tax reforms it would make are strongly supported by voters. That includes a recent poll showing that almost two-thirds (64%) of respondents backed the bill’s 15% minimum corporate tax, including 48% of Republicans.

The IRA would ensure highly profitable corporations pay closer to their fair share of taxes and crack down on rampant tax evasion among the wealthy. Reforms would create a 15% minimum income tax on corporations with at least \$1 billion in profit, many of which now pay little or nothing; assess a 1% excise tax on stock buybacks by publicly traded corporations ([modeled on a proposal](#) from Sens. Sherrod Brown and Ron Wyden); and substantially increase the IRS’s budget and staffing levels to better catch rich tax cheats and improve customer service. These tax reforms will fund big investments in clean energy that will cut household energy costs by an [average of \\$500 a year](#), tackle the climate crisis by significantly reducing carbon emissions and create thousands of good-paying jobs.

The importance of the IRA tax reforms transcends the need for more revenue to pay for these investments—they will help restore the public’s confidence in the fairness of our tax system. The 15% corporate minimum tax will end the national outrage of dozens of huge profitable corporations like [Amazon, FedEx and Nike](#) paying little or nothing in federal income taxes. The Joint Committee on Taxation estimates that in 2019 somewhere between 100 and 125 corporations that might be subject to the corporate minimum tax had financial statement income averaging \$8.9 billion, yet paid an [average effective tax rate of just 1.1%](#).

Enhancing funding for IRS oversight of wealthy individual and corporate taxpayers will reduce the sense that the rich and powerful can get away with not paying what they owe—such as the richest 1% who evade [paying \\$160 billion](#) in taxes every year. And taxing stock buybacks will, in addition to raising revenue, limit excessive compensation of corporate insiders and promote sounder investment decisions that are more likely to benefit workers and communities.

Opposition to the Inflation Reduction Act is based on false claims. The IRA will not raise taxes on anyone making less than \$400,000 a year, a point made clearly by the five former Treasury secretaries and by the current Treasury secretary, [Janet Yellen](#), who certified in a letter to Congress that the IRA “will reduce or have no effect on the taxes due or paid by any family with income less than \$400,000...” Numerous other [leading economists and tax experts](#) are offering the same assurances.

Contrary to opponents’ spurious arguments, the IRA [promotes domestic manufacturing](#). Its almost \$370 billion in climate initiatives include subsidies boosting the manufacture of electric cars, wind turbines, solar panels, batteries, and more. Its corporate minimum tax will level the playing field for corporations who keep good manufacturing jobs here at home and dissuade big multinational drug, tech and other companies from [shifting jobs and profits offshore](#) because they’ll no longer reap as many tax benefits when they do.

Importantly, enactment of the IRA will represent a historic rebuke of failed supply-side economics. Hopefully, it will end 40 years of Congress cutting taxes on the rich and corporations based on the false notion that the benefits will trickle down to working people.

Finally, though this bill is a major first step towards greater tax fairness, it is already a big compromise compared to what Democrats have promised voters over the past two years—and what voters want. In 2020, Joe Biden [ran and won](#) on a promise to make major investments to improve peoples’ lives paid for by raising taxes on the wealthy and corporations [by \\$3.3 trillion](#) through reforms such as rolling back the 2017 Trump tax giveaways, curbing offshore corporate tax dodging, and raising the top tax rate on the investment income of millionaires to match the top rate on wage income. Last year, the House of Representatives passed the Build Back Better Act, which would have made investments of about \$2.1 trillion, paid for by about [\\$1.8 trillion in taxes raised](#) from the wealthy and corporations.

In contrast, the Inflation Reduction Act would [roughly raise a relatively modest \\$500 billion](#) through tax reforms. It asks the wealthiest Americans and most profitable businesses to contribute far less to our shared national recovery than what the public has called for. **Thus, we urge you to reject any amendment that would weaken the IRA through amendments, especially any reductions in the revenue raised through tax reforms, and to vote for final passage.**

Sincerely,



Frank Clemente
Executive Director



Sarah Christopherson
Legislative and Policy Director