

28 ORGANIZATIONS ADVOCATING FOR RACIAL EQUITY SEEK A \$3.5 TRILLION BUDGET RECONCILIATION PACKAGE THAT TAXES THE WEALTHY & CORPORATIONS

September 15, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Richard Neal
Chair, House Ways and Means Committee
1102 Longworth HOB
Washington, D.C. 20515

The Honorable Ron Wyden
Chairman, Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader Schumer, and Chairs Neal and Wyden:

The undersigned organizations advocate for the health, well-being, and economic security of Black, Latinx, Asian, Indigenous, and other communities of color. We write to make clear how important it is to communities of color that Congress enact a robust budget reconciliation package of at least \$3.5 trillion in investments in our communities funded through fairer taxes on the rich and corporations. This legislation would advance racial equity by narrowing racial income and wealth gaps, as well as by funding these long-overdue investments.

The investments likely expected to be included in the legislation center the needs of communities of color, and are especially urgent given the devastation of COVID-19 and the uneven economic recovery. These investments, outlined in President Biden's [Build Back Better plan](#) and in the [Senate- and House-passed budget resolution](#), include measures that will make health care, elder care, and child care more accessible and affordable for families while providing care workers with better wages and training; provide housing assistance; provide universal pre-K for three- and four-year-olds, free community college, and major increases in funding for HBCUs, tribal colleges and other educational institutions devoted to serving communities of color; create a nationwide, comprehensive paid family and medical leave policy; and address the disproportionate impact of climate change on communities of color by expanding access to clean energy and transportation.

The legislation is also expected to include extensions of the refundable tax credits expanded by the American Rescue Plan Act, which are especially important for families of color: the expanded Child Tax Credit, for example, has the potential to cut child poverty in half and especially benefits Black and Latinx children. These investments represent meaningful steps towards addressing long-standing inequities and will build back a better economy that works for all of us.

The president has also proposed that these investments be paid for by [requiring the wealthy and corporations to pay their fair share of taxes](#) and by cracking down on tax cheats. His tax plan would not increase taxes on anyone making less than \$400,000 a year.

Because of centuries of institutionalized racism—including in the tax code—white families on average have [eight times the wealth of Black families](#) and are five times richer than Latinx families. The average white household [makes \\$28,000 more a year](#) than the average Black household and \$16,000 more than an average Latinx household. The pandemic has exacerbated racial wealth disparities: people of color have been on the front lines of the health and economic crises, and have experienced higher levels of unemployment and material hardship.

Meanwhile, much of the nation's wealthy white elite have thrived economically. The collective wealth of the country's 700-plus billionaires has [increased by \\$1.8 trillion, or 62%](#), during the pandemic—enough to pay for more than half of the ten-year cost of the \$3.5 billion reconciliation package. The tax reforms of President Biden's Build Back Better agenda slated to be [included in the reconciliation bill](#) would narrow those gaps, as well as fund the investments noted above that will dramatically improve the lives of families of color.

Several of President Biden's proposed tax reforms would reduce racial economic disparities because they target income produced by wealth, including corporate wealth. It's scandalous that 55 of America's biggest corporations [paid no federal income taxes last year](#). And that in 2018 over 1,500 U.S.-based multinational corporations paid an [average U.S. tax rate of just 7.8%](#), while the average [American household pays about 14%](#).

The president's corporate tax reform would [raise around \\$2 trillion](#) by increasing the corporate tax rate to 28% and closing tax loopholes that incentivize firms to outsource jobs and shift profits to tax havens. Corporations are overwhelmingly owned by rich, white people: the wealthiest [10% of households own nearly 90% of corporate stock](#); the top 1% own over half.

Under current law, income from wealth is taxed at much lower rates than income from work: the top tax rate on employees' paychecks is now nearly double the top rate on the most important forms of investment income (37% vs. 20%). Because people of color are much more likely to derive their income from work, rather than assets, these preferential tax rates overwhelmingly benefit wealthy white families. The president's plan would make the tax code more equitable by making millionaires and billionaires pay the same top tax rate on all their investment income that workers pay on their wages. The plan would also [close the stepped-up basis loophole](#) that lets a lifetime's worth of investment gains permanently escape taxation.

The budget reconciliation package would provide more resources to the IRS to increase enforcement against wealthy tax cheats who evade paying what they owe, a group that's mostly white. The reduction in the IRS' funding has hampered its ability to go after such high-income taxpayers—to the point where low-income taxpayers claiming the Earned Income Tax Credit, which especially benefits women and people of color, are [audited at nearly the same rate](#) as people making \$1-\$5 million a year. Giving the IRS more resources to pursue wealthy tax

cheats and requiring financial institutions to help the IRS in its efforts to identify likely and actual evasion would make tax enforcement more equitable and [could raise \\$700 billion](#).

The pandemic and protests of the past year-and-a-half have brought a long overdue focus to the structural and systemic racism within our economic systems. Whether as protestors in the streets demanding overdue justice, patients in the emergency room seeking life-saving treatment, or workers trying to stay both safe and employed, people of color have been on the frontlines of the crises.

President Biden’s tax reforms will increase racial equity in the tax code and raise the revenues we need to support an equitable recovery. But if those reforms are weakened, the tradeoffs are stark: every dollar not raised from a billionaire means a dollar less for child care or the Child Tax Credit; every dollar not raised from a multinational corporation is a dollar not available for paid family and medical leave or affordable health care; every dollar not raised by cracking down on rich tax cheats is a dollar not available for affordable housing or combatting climate change.

In short, the size and structure of the reconciliation bill matter to communities of color. Without the full measure of the authorized \$3.5 trillion in revenues or investments, we will fail to fully capitalize on the opportunity to make historic investments that will advance racial equity.

A [massive lobbying campaign by corporations and the wealthy](#) is underway to influence your decisions. The positions they’re pushing [run contrary to virtually every public poll](#) conducted in recent months—[especially this one](#)—which show strong support for both the taxes and investments proposed by the president. More than [700 national and state organizations](#) have written Congress endorsing the president’s investments and tax plan.

We implore you in the name of racial equity and justice: stand up to the demands of the wealthy and big corporations to preserve their privileges and escape paying their fair share of taxes.

Sincerely,

Asian Pacific American Labor Alliance, AFL-CIO
Center for American Progress
Center for Popular Democracy
Coalition on Human Needs
Collective Power for Reproductive Justice
Colorado Organization for Latina Opportunity and Reproductive Rights (COLOR)
Color of Change
Community Change Action
Friends Committee on National Legislation
Fund Black Founders Inc
Groundwork Collaborative

The Institute on Race and Political Economy and Darrick Hamilton, Henry Cohen Professor of
Economics and Urban Policy, The New School

Liberation in a Generation

Movement for Black Lives

National African American Clergy Network

National Association for the Advancement of Colored People (NAACP)

National CAPACD - National Coalition for Asian Pacific American Community Development

National Coalition for Black Civic Participation

National Council of Asian Pacific Americans (NCAPA)

National Education Association

National Immigration Law Center

National Women's Health Network

Network Lobby for Catholic Social Justice

PolicyLink

Prosperity Now

Rainbow PUSH Coalition

Service Employees International Union

SisterSong Women of Color Reproductive Justice Collective

cc:

Reps. Terri Sewell, Jimmy Gomez and Steven Horsford, Leaders of the Ways and Means
Committee Racial Equity Initiative

Members of the Congressional Black Caucus

Members of the Congressional Hispanic Caucus

Members of the Congressional Asian Pacific American Caucus