



WAYS & MEANS COMMITTEE TAX PLAN UNDER FIRE FOR BEING TOO EASY ON BILLIONAIRES

A roundup of media stories and reactions to the plan as of Sep. 21, 2021

The tax plan approved September 15, 2021, by the House Ways and Means Committee is being criticized for exempting many billionaires and other ultra-wealthy from any increased taxes to pay for President Biden's Build Back Better agenda. While the [committee proposed significant reforms](#) to the tax system to make it much fairer, which would raise \$2.1 trillion, concern has been raised that the panel did not go far enough nor get at the biggest source of the nation's economic inequality: the untaxed growth of fabulous fortunes. Concerns have been raised because billionaire wealth growth has reached staggering proportions but it often goes untaxed:

- According to an Americans for Tax Fairness analysis of Forbes data: U.S. billionaires [got 62%, or \\$1.8 trillion, richer during the pandemic](#), which would pay for more than half of Biden's ten-year \$3.5 trillion investment package. Yet, much of that wealth growth is currently income-tax free, and that is likely to continue under the Ways and Means Committee tax plan.
- According to [ProPublica](#), **Jeff Bezos'** wealth grew by \$99 billion from 2014-2018, but he paid just \$973 million in federal income taxes for a true tax rate of 1%. In 2007 and 2011 Bezos paid no federal income taxes. **Elon Musk's** wealth grew by \$23.9 billion from 2014-2018, and he paid just \$455 million in federal income taxes for a true tax rate of 3.27%. Musk paid no federal income taxes in 2018.

The Ways and Means Committee bill is a good first step to fixing our rigged tax system, but it does not do enough because among other things it leaves billionaires and their multiplying fortunes largely untouched by reform. Specifically, it does not eliminate the stepped-up basis loophole that President Biden proposes to do, which is how billionaires will be able to escape taxation. It is explained [here](#), [here](#), [here](#) and [here](#). **Below is a round-up of media stories criticizing the failure to tax billionaires.**

The New Yorker: [How \(Not\) to Tax Billionaires](#), September 20, 2021

"Perhaps it was predictable that a committee known for attracting large donations from lobbyists would eschew the Warren-Sanders approach. But the House proposal would also cap the tax rate on dividends and capital gains at twenty-five percent rather than the 39.6 percent envisioned under the Biden plan. It would leave in place the "stepped-up-basis" loophole in the estate tax, which allows billionaires to pass on their fortunes without paying any tax on unrealized capital gains. And it would introduce only minor changes to the notorious "carried-interest" loophole, which benefits hedge-fund and private-equity billionaires, such as Ray Dalio, Henry Kravis, Steve Schwarzman, and George Soros."

The Guardian, op-ed by Robert Reich: [House Democrats are scared to tax billionaires – that’s a costly mistake](#), September 19, 2021

“You might have thought Democrats would be eager to tax America’s 660 billionaires whose fortunes have increased by [\\$1.8tn since the start of the pandemic](#), an amount that could fund half of Biden’s plan and still leave the billionaires as rich as they were before the pandemic began.”

“But senior House Democrats decided to raise revenue the traditional way, taxing annual income rather than giant wealth. They aim to raise the highest income tax rate and apply a 3% surtax to incomes over \$5m.”

Market Watch: [Opinion: Tax the rich? Democrats’ plans let billionaires off the hook](#), September 18, 2021

“The House Ways and Means Committee outlined plans on Sept. 13, to move the top marginal income rate up a couple of notches to 39.6% and to introduce a 3% surtax on incomes above \$5 million. That proposal would fall short of calls to really “tax the rich,” as Rep. Alexandria Ocasio-Cortez’s dress demanded at a glitzy New York bash just hours later.”

The Washington Post: [Op-ed: Congress is passing up a chance to close a tax loophole — and the racial wealth gap](#), September 16, 2021

“Earlier this year, as part of the American Families Plan, the Biden administration proposed closing a nearly century-old loophole called “step-up in basis,” saying it is “exacerbating inequality.” While many can take advantage of that rule, those who benefit the most are in the top 1 percent of income earners (earning more than \$1 million of income). That group is disproportionately White: While 15 percent of White Americans are millionaires, only 2 percent of Black Americans are millionaires. A complete repeal of the stepped-up basis rule would raise an estimated \$505 billion over 10 years. This week, though, the House Ways and Means Committee released its tax package, which drops that proposed reform.”

CNBC: [House Democrats’ capital gains tax proposal is better for the super rich than Biden plan](#), September 15, 2021

“The uber rich may be cheering House Democrats’ proposed tax reforms on investment income relative to the Biden administration’s earlier plan.”

“Biden’s plan would have raised the top federal tax rate by 98% (relative to current law) for the richest Americans, while the House proposal increases it by 25%. The House plan would also raise taxes for a broader swath of people.”

Business Insider: [Why Democrats’ new plan to tax the wealthy still isn’t the wealth tax the public overwhelmingly wants it to be](#), September 15, 2021

“The wealth tax is not something that a bunch of politicians sit around and think, ‘Great idea,’ Senator Elizabeth Warren told reporters on Tuesday. ‘It’s something that the American people say we need for basic fairness.’”

Yahoo News: [Democrats Plan To Tax The Rich Lets Billionaires Keep Paying Less Than Average Workers](#) September 14, 2021

“House Democrats proposed a rewrite of the tax code to raise taxes on big corporations and the rich, but their plan leaves in place loopholes that allow ultra-wealthy investors to pay lower tax rates than middle-class workers.”

Yahoo Finance: [Democrats say 'tax the rich,' but their plan may fall short](#) September 14, 2021

“But experts argue that while some rich people may see their taxes go up, the very wealthiest will experience less impact than advertised because the bill fails to levy taxes on the increase in value of assets such as real estate and stocks.”

Fortune: [Biden promise to cut inequality stumbles as House Democrats spare the rich,](#)

September 14, 2021

“Joe Biden’s push to ramp up taxes on the wealthy is getting diluted by his Democratic allies in Congress, undermining the president’s chances of fully delivering on his 2020 campaign pledge to curb America’s widening inequality.” ... “Democrats still have not gotten religion on the tax fairness issue,” said Frank Clemente, executive director of the left-leaning group Americans for Tax Fairness. “If we can’t pass a tax bill that strikes a modest blow at the accumulation of dynastic wealth, what does it say about the Democratic Party and whose side are they on?”

The Wall Street Journal: [Another Carried-Interest Carveout,](#) September 14, 2021

“House Democrats chose to amend rather than end this tax benefit for certain kinds of private equity and real-estate investment, despite years of fuming about it. The draft Ways and Means tax bill merely requires a five-year holding period rather than three years to get favorable tax treatment.”

[Morning Joe Video Clip,](#) September 13, 2021

“You have the people writing the tax bill for the Democrats saying they’re concerned about moderates’ concerns? What, do they want Jeff Bezos and Amazon to keep paying zero dollars in taxes? Is that a moderate’s concern or actually a lobbyist’s concern?” ... “Please, Democrats, do better than this. Tax capital. Take a dent on these super wealthy billionaires who keep amassing fortunes.”

The New York Times: [House Democrats’ Plan to Tax the Rich Leaves Vast Fortunes Unscathed,](#)

September 13, 2021

“But the proposal, while substantial in scope, stopped well short of changes needed to dent the vast fortunes of tycoons like Jeff Bezos and Elon Musk, or to thoroughly close the most egregious loopholes exploited by high-flying captains of finance. It aimed to go after the merely rich more than the fabulously rich.”

“It would be a monumental mistake for Congress to pass a bill that really exempts billionaires,” said Senator Ron Wyden of Oregon, the Democratic chairman of the Finance Committee.”

The Hill: [House Democrats take step back from Biden on tax hikes,](#) September 13, 2021

“Steve Wamhoff, director of federal tax policy at the Institute on Taxation and Economic Policy, said the committee’s proposal would be a ‘huge improvement’ over the current tax code. But he

also said that a lot of the income of very wealthy people would not be taxed at all, because the committee didn't adopt Biden's proposal to tax capital gains at death or take similar action."

Bloomberg: [Biden's Allies Shy From Taxing Rich, Eroding Inequality Promise](#), September 13, 2021

"The biggest area where it falls short compared to Biden is changing the capital gains tax base, which is key to making sure billionaires pay taxes on those gains and making sure those gains don't go untaxed entirely," said Seth Hanlon, who served as a tax policy adviser in the Obama administration. "There is still this hole in the tax code that allows wealthy people to avoid taxes on their gains entirely."

The New York Times: [Courting moderates, House Democrats stop short of proposing the most aggressive plans to tax the rich](#), September 13, 2021

"House Democrats' plans to raise taxes on the rich and on profitable corporations stop well short of the grand proposals many in the party once envisioned to tax the vast fortunes of tycoons like Jeff Bezos and Elon Musk — or even thoroughly close loopholes exploited by high-flying captains of finance."

The Wall Street Journal Editorial: [Democrats Blink on Carried Interest](#), September 13, 2021

"But Democrats and progressives have wailed against the provision for years as a loophole and called for its elimination. President Biden has proposed killing it. Hillary Clinton claimed it's unfair that money managers 'pay lower tax rates than nurses.'"