



September 10, 2021

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives Room
H-232, The Capitol
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Room S-221, The Capitol
Washington, DC 20515

Dear Speaker Pelosi and Leader Schumer:

We, the undersigned members of a tiny fraction of the 1%, are writing to call on members of Congress, whether they are Republicans or Democrats, to support a moderate wealth tax on ourselves, specifically on the fortunes of the wealthiest fraction of the richest 1% of Americans. New revenues should come from the most financially fortunate, not from middle-income and lower-income Americans, especially considering the effects of COVID-19 on the U.S. economy. A wealth tax asks those of us who have benefited most from our economic system to help fix one of its most devastating and fatal flaws, the unprecedented economic inequality it has created that leaves too many Americans without the basic necessities of life.

America has a moral, ethical and economic responsibility to tax our wealth more. As promised in President Biden's American Jobs Plan and American Families Plan, a wealth tax could help address the climate crisis, pay for much-needed infrastructure improvements, provide paid family and medical leave, improve the economy, and help women return back to the workforce following this pandemic. Instituting a wealth tax is in the interest of our republic because providing adequate economic opportunity is foundational to a strong society. We have already seen the fabric of our democracy being frayed by the frustration of so many who see the American dream as hopelessly out of reach.

Polls show that a moderate tax on the wealthiest Americans enjoys the support of a majority of Americans — Republicans, Independents, and Democrats.¹ We hope that Congress will also recognize the force of the idea and join with most Americans in supporting it. Some ideas are too important for America to fall victim to partisanship and gridlock that is all too common in D.C.

The concept of a wealth tax isn't new: Millions of middle-income Americans already pay a wealth tax each year in the form of property taxes on their primary form of wealth — their home. The kind of moderate tax on the wealthiest fraction of 1% that we support just asks us to pay a small tax on the primary forms of our wealth as well.

¹ Schneider, H., & Kahn, C. (2020, January 10). *Majority of Americans favor wealth tax on very rich: Reuters/Ipsos poll*. Reuters. <https://www.reuters.com/article/us-usa-election-inequality-poll/majority-of-americans-favor-wealth-tax-on-very-rich-reuters-ipsos-poll-idUSKBN1Z9141>.

Numerous members of Congress are already supportive of the idea and several members have drafted legislation to make this idea a reality. One particular piece of legislation, introduced by Senator Elizabeth Warren (MA), Representative Jayapal (WA-07), and Representative Boyle (PA-02) would provide millions of families with a better shot at the American dream by taxing only 100,000 of the wealthiest families in the country or the top 0.05%. The proposal is straightforward: It puts in place a tax of 2 cents on the dollar on assets after a \$50 million exemption and an additional tax of 1 cent on the dollar on assets over \$1 billion. If you have \$49.9 million in assets or less you are not paying the tax. It is estimated to generate nearly \$3 trillion in tax revenue over ten years.²

This revenue could substantially fund the cost of smart investments in our future, like clean energy innovation to mitigate climate change, universal child care, home-and community-based care services, paid family, medical, and sick leave, infrastructure modernization, tax credits for low-income families, electrifying the federal vehicle fleet, and other vital needs.

We are in favor of a wealth tax for at least four key reasons:

A Wealth Tax Is an Economic Winner for America. It would be a powerful instrument for greater economic growth and success. Reinvested both across America and among those less wealthy than ourselves, a wealth tax would extend prosperity. Along with resources for climate crisis investments, America needs a revenue source for other public investments in addition to private investment and philanthropy. Greater public investment in America's aging infrastructure, child care, and education will not only solve important problems but will also increase productivity in the long run and promote sustained and broad-based economic growth. Additionally, reinvesting revenues from a wealth tax into the care economy will have a direct impact on women as COVID-19 has disproportionately impacted women resulting in one million more jobs lost than men. A wealth tax could help with innovation and job creation — America's entrepreneurial economy, despite its many successes, needs strengthening. Put simply, a wealth tax would strengthen the American economy in ways that benefit all Americans.

A Wealth Tax Is a Powerful Tool for Solving Our Climate Crisis. In addition to stronger regulations on carbon emissions, the most urgent need to be able to tackle climate change is more American investment. This could both accelerate innovation and speed up the implementation of solutions that create a clean energy economy and a low-carbon future. Greenhouse gas emissions from transportation are the largest contributors to climate change. Revenues from a wealth tax could fund tax credits for used and new electric vehicles, the electrification of school and mass transit buses, and the electrification of the federal vehicle fleet. These mass investments in clean transportation are transformational and have the ability to offset the damage done by years of inaction.

A Wealth Tax Is Fair. A wealth tax would help close the large gap in effective tax rates between very rich families and everyone else. Warren Buffett has pointed out that he is taxed at a lower rate than his secretary. The wealthiest fraction of the 1% are projected to pay 3.2% of their wealth in taxes this year, while the bottom 99% of households are projected to pay 7.2%.³ This imbalance creates resentment and

² Saez, E., & Zucman, G. (2019, February 5). *How would a progressive wealth tax work? Evidence from the economics literature*. <http://gabriel-zucman.eu/files/saez-zucman-wealthtaxobjections.pdf>.

³ Piketty, T., Saez, E., & Zucman, G. (2018). DISTRIBUTIONAL NATIONAL ACCOUNTS: METHODS AND ESTIMATES FOR THE UNITED STATES. *The Quarterly Journal of Economics*, 133(2), 553–609.

makes it harder for working-class Americans to achieve social mobility. The middle class is paying more than their fair share and it's time for those at the top to do their part. Taxing extraordinary wealth should be a greater priority than taxing hard work. The most fortunate should contribute more.

A Wealth Tax Strengthens American Freedom and Democracy. It would slow the growing concentration of wealth that undermines the stability and integrity of our republic. The failed insurrection on January 6th demonstrates just how fragile our democracy is. A wealth tax would ensure wealth is not concentrated solely at the top and provide greater opportunities for individuals to participate in our democracy. Countries with high levels of economic inequality are more likely to concentrate political power and become plutocratic.⁴ The founders of America knew this and feared that an economic elite might become ensconced as leaders and erode the effectiveness of the republic.⁵ Today, major policies seldom come to pass without the prior support of wealthy elites or other wealthy interests. Division and dissatisfaction are exacerbated by inequality, leading to higher levels of distrust in democratic institutions — and worse. That's one reason we don't view a wealth tax as a sacrifice on our part: We believe instituting a wealth tax would lead to political, social, and economic stability, strengthening and safeguarding America's democratic freedoms.

What about the arguments against a wealth tax? They are mostly technical and often overstated.

Some raise important questions about implementation and enforcement. But as the *Ultra-Millionaire Tax Act* shows, we can limit potential evasion and reduce tax cheating by building on lessons learned in the United States and other countries and investing and rebuilding the Internal Revenue Service to ensure the agency has the resources to modernize its systems, hire and train additional personnel, and implement new asset valuation. Others question whether assets owned by many ultra-millionaires and billionaires, including private equity and art collections, can be accurately assessed for tax purposes. But such assets are frequently valued — upon resale, donation, bankruptcy, divorce, or death.

Some have argued that a federal wealth tax is unconstitutional. But here again, some of the country's most prominent constitutional scholars — including two former heads of the Office of Legal Counsel at the Department of Justice — have argued convincingly that a wealth tax is constitutional.⁶

Far-reaching policy proposals nearly always require considerable effort to iron out complexities — and that effort has always been made when the cause is important enough. The process of instituting a wealth tax would in itself likely improve the measurement tools to facilitate implementation.

⁴ Milanovic, B. (2017, May 2). *The higher the inequality, the more likely we are to move away from democracy*. The Guardian. <https://www.theguardian.com/inequality/2017/may/02/higher-inequality-move-away-from-democracy-branko-milanovic-big-data>.

⁵ Gilens, M., & Page, B. (2014). Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens. *Perspectives on Politics*, 12(3), 564-581. doi:10.1017/S1537592714001595

⁶ Ackerman, B. (2020). THE WEALTH TAX: APPORTIONMENT, FEDERALISM, AND CONSTITUTIONALITY. *Indiana Law Journal*, 93(23.4), 270–292. <https://doi.org/https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1247&context=jlasc>

Those of us who have signed this letter believe it is our duty to step up and support a wealth tax that taxes us. It is key to both addressing our climate crisis, and a more competitive, stronger economy that would better serve millions of Americans. It is a fair way of creating opportunities. And it strengthens American freedom and democracy. It is not in our interest to advocate for this tax if our interests are quite narrowly understood. But the wealth tax is in our interest as Americans.

That's why we're joining the majority of Americans already supporting a moderate wealth tax. We ask that you recognize its strong merit and popular support, and advance the idea to tax us a little more.

Signed,

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Boston, MA

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Los Angeles, CA

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