NOT IN THE 1%?

THE TRUMP TAX PLAN'S NOT FOR YOU

CWA DEMANDS TAX FAIRNESS FOR WORKING FAMILIES

May 15, 2018

The Washington Post — Nov 16, 2017

Republican tax plan will lead to more offshoring of U.S. jobs and a larger trade deficit

Newsweek — April 10, 2018

Trump's tax cuts didn't benefit U.S. workers, made rich companies richer, analysis finds

Bloomberg — May 4, 2018

Tax Cuts Still Don't Seem to Be Helping Workers

CWA

> **"There is still a lot of thinking on the right that if big corporations are happy, they're going to take the money they're saving and reinvest it in American workers....In fact they bought back shares, a few gave out bonuses; there's no evidence whatsoever that the money's been massively poured back into the American worker."**
>
> *—Senator Marco Rubio (Republican - Florida)*

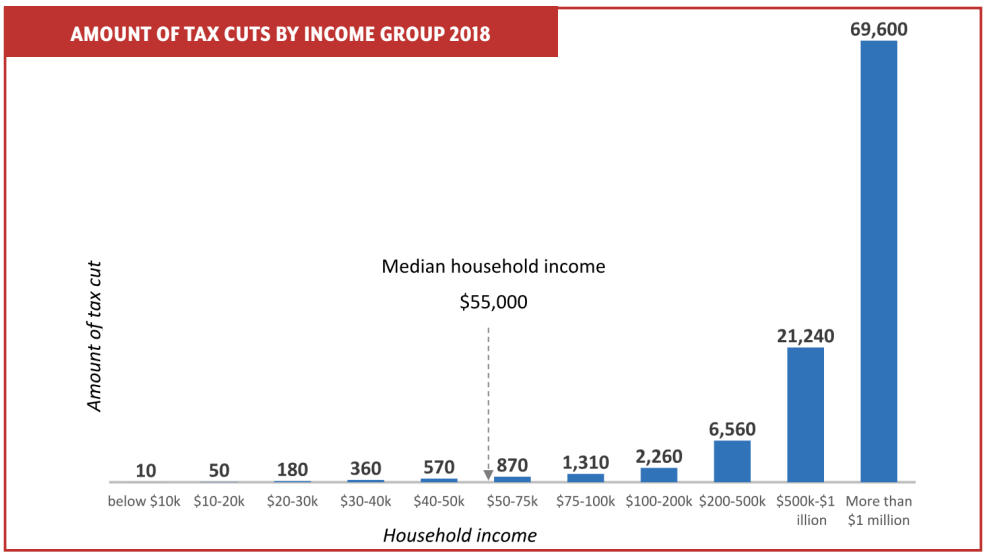
Source: "Marco Rubio offers his Trump-crazed party a glint of hope," The Economist, May 14, 2018

Last year, President Trump

and Congressional Republicans enacted a major corporate tax cut into law. Republicans had promised that their tax bill would benefit working families through higher wages and ending corporate offshoring, but so far all we've seen are huge tax breaks for millionaires, multinational corporations that offshore jobs, and Wall Street. The new law rigs the tax code and the economy even further in favor of those at the top.

MASSIVE TAX CUTS FOR THE 1%, LITTLE TO NOTHING FOR WORKING FAMILIES

The Republican tax law is designed to benefit the richest Americans. According to an analysis by the independent and nonpartisan Tax Policy Center, the richest 1% of Americans will get an income tax cut averaging $33,000 per year, while low-income Americans will receive a cut of only about $40.[1] In fact, millions of working families will actually face tax increases under the new law.[2]



Source: Danielle Kurtzleben, "See How Much Of GOP Tax Cuts Will Go To The Middle Class," NPR, 12/19/17, www.npr.org/2017/12/19/571754894/charts-see-how-much-of-gop-tax-cuts-will-go-to-the-middle-class, citing Tax Policy Center, www.taxpolicycenter.org

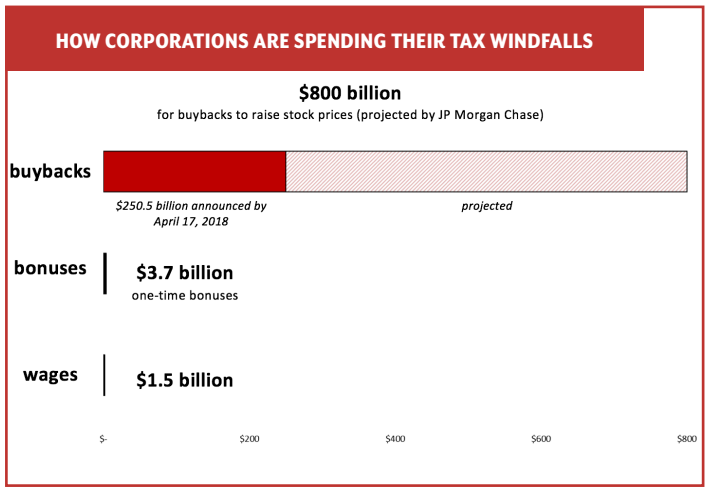
RIGGING THE TAX CODE IN FAVOR OF MULTINATIONAL CORPORATIONS AND WALL STREET

The new tax law benefits big corporations, who already pay low taxes from their rigging of the tax code. The Republican tax law lowers the corporate tax rate from 35% to 21% and creates massive new loopholes for Wall Street and companies that have stored money overseas. We've already seen who benefits from this, as corporations have used their new wealth from these tax cuts to double the rate of stock buybacks that they use to boost their share prices. The data shows that the richest 1% of households hold nearly 40% of the stock shares and the top 10% hold close to 80%.

1 https://www.washingtonpost.com/news/wonk/wp/2018/03/30/the-richest-americans-get-a-33000-tax-break-under-the-gop-tax-law-the-poorest-get-40/?utm_term=.c3362ebe24a2

2 https://www.cnbc.com/2017/12/19/heres-how-the-final-gop-tax-bill-would-hit-your-wallet.html

3 https://www.economist.com/democracy-in-america/2018/05/14/on-marco-rubios-interview-with-the-economist



Sources: CNBC, 12/20/17, www.cnbc.com/2017/12/20/tax-reform-reaction-att-is-giving-bonuses-to-200000-employees.html; Washington Post, 2/6/18, www.washingtonpost.com/opinions/dont-let-pay-increases-coming-out-of-tax-reform-fool-you/2018/02/06/1271905a-06a6-11e8-94e8-e8b8600ade23_story.html?utm_term=.953b7586a5a2

The law also creates massive new tax breaks for moving money and jobs overseas. It allows companies to deduct half of their taxes for profits made overseas—and then piles additional deductions on top of that. ***The end result: many corporations will pay little to no taxes on their profits from call centers and factories that they've sent overseas!***

WHO PAYS?!

Our families and our communities will pay a price for these huge tax breaks to millionaires and corporate CEOs. Companies are using the new offshoring tax incentives to continue moving American jobs overseas. Republicans are already proposing cuts to Medicare, Medicaid, Social Security and education to pay for their tax cuts for the wealthy and big corporations. We should instead invest in our communities to have better schools, fix roads, bridges, and transit systems, make healthcare more affordable, and provide a secure retirement with dignity.

CORPORATIONS ARE LAYING OFF EMPLOYEES WHILE GETTING HUGE TAX BREAKS (AS OF APRIL 17, 2018)

	Effects for Corp. and Large Shareholders		Effects on Workers	
Corporation	**Tax break per year**	**Stock buyback**	**Bonus & Wage Improvements**	**Job cuts**
AT&T	$3.0 billion	Not yet announced	$1,000	4,000 layoffs announced Dec. 2017
Comcast	$1.5 billion	$5 billion	$1,000	500 employees cut Dec. 2017
Kimberly-Clark	will use for layoffs*	$700-900 million	none reported	5,000-5,500 layoffs (about 13% of workforce)
Pepsi	$2.5 billion	$15 billion	up to $1,000	200 layoffs
Pfizer	$5.0 billion	$10 billion	none reported	300 scientists fired; ending research on Alzheimer's and Parkinson's
Wal-Mart	$2.2 billion	$20 billion	$200-1,000 bonus; min. wage raised from $9 to $11	closing 963 Sam's Club stores with 9,450 employees
Wells Fargo	$3.7 billion	$22 billion	min. wage raised from $13.50 to $15	closing 900 branches

**Kimberly-Clark says it will use its tax benefit to lay off over 5,00 employees. (Layoffs can come with short-term costs for severance and consolidation.) The company hasn't disclosed how big their tax cut will be.*

Sources: www.cnbc.com/2018/01/29/very-few-us-adults-report-receiving-bonuses-or-raises-from-the-republican-tax-law.html; www.linkedin.com/pulse/chief-economic-advisor-trump-most-excited-group-out-big-david-mendels; www.nytimes.com/2018/01/23/business/kimberly-clark-layoffs.html; www.nytimes.com/2018/01/11/business/walmart-wages-tax-cuts.html; www.latimes.com/business/hiltzik/la-fi-hiltzik-pfizer-20180108-story.html; americansfortaxfairness.org/trumptaxdatatracker

WE NEED A MORE FAIR TAX CODE!

Our tax code should benefit working families, ensure that the super-wealthy and multinational corporations pay their fair share, and encourage the creation of good jobs here in the United States. The following specific proposals replace provisions of the new tax law that promote the offshoring of US jobs, Wall Street tax avoidance, and special provisions for big investors. Enacting these into law would ensure that Wall Street and the 1% pay their fair share while raising hundreds of billions of dollars for critical national needs like infrastructure and education while refocusing our tax code to benefit working families.

CLOSE THE CARRIED INTEREST LOOPHOLE

Private equity and hedge fund managers are some of the wealthiest people in the country. In fact, the 25 highest-paid hedge fund managers made a combined $11 billion last year—with two hedge fund managers being paid over $1 billion each!

Already highly paid, private equity and hedge fund managers benefit from the "carried interest" tax loophole that allows them to pay a rate of just 20% of their income, a lower rate than that paid by millions of middle-class workers like teachers, technicians, nurses, and customer service workers. This loophole allows these Wall Street traders to misclassify their earnings as "capital gains," thus cutting their tax bill nearly in half.

Congress should pass H.R. 2295/S. 1020, the Carried Interest Fairness Act, to close this egregious loophole. This bill:

RAISES NEEDED REVENUE

The Joint Committee on Taxation has estimated that closing this loophole would raise $15.6 billion in revenue, while other experts predict that it could raise as much as $180 billion. This money is badly needed to invest in middle-class jobs and working families.

MAKES THE TAX CODE FAIRER

The country's 158,000 kindergarten teachers together earn less than the 25 richest hedge fund managers. Yet, they often also pay higher tax rates than hedge fund managers, due to the carried interest loophole. Closing the loophole will help ensure that billionaires pay their fair share.

HELPS PREVENT TAX DODGING

Closing the carried interest loophole would end the preference that benefits private equity and hedge funds over other corporations. It would also help prevent tax dodging by financiers that try to convert short-term gains into long-term gains to pay the 20% rate.

HAS WIDESPREAD SUPPORT

Closing the carried interest loophole has widespread support from bipartisan political leaders, economists, business interests, and others. Legislation to close the loophole has already passed the House of Representatives multiple times, despite never being enacted into law. It was also included in former President Obama's budget proposals and former Republican Ways and Means Committee Chairman Dave Camp's proposed tax reform. Many industry leaders, including hedge fund managers and Warren Buffett, support closing this loophole.

PLEASE SUPPORT WORKING FAMILIES BY SUPPORTING H.R. 2295/S. 1020, THE CARRIED INTEREST FAIRNESS ACT, AND CLOSING THIS EGREGIOUS LOOPHOLE!

TIME FOR A WALL STREET SALES TAX

Every day, working families pay sales taxes on a range of goods, from groceries to clothes to electronics and everything in between. Yet, Wall Street speculators do not pay a sales tax on their trades of stocks and bonds. Congress should close this loophole to make the tax code fairer, raise needed revenue to invest in working families, and discourage dangerous short-term speculation.

A very low Wall Street Sales Tax of as little as 0.03% or 0.10% on trades of stocks, bonds and derivatives could raise over $700 billion that could be used to reinvest in working families. At the same time, it would discourage the sort of short-term speculative trading that caused the 2010 "Flash Crash," while having extremely little impact on long-term investors.

Congress should pass H.R. 1144/S. 805, the Inclusive Prosperity Act, or H.R. 2306, the Putting Main Street FIRST Act, to enact a Wall Street Sales Tax. These bills:

REWARD LONG-TERM INVESTING OVER SHORT-TERM SPECULATION

The absence of a Wall Street Sales Tax encourages many traders to focus on short-term speculation, as they can profit handsomely from trading a split-second sooner than other traders and then flipping that trade immediately thereafter. A Wall Street Sales Tax would discourage these harmful transactions.

RAISE NEEDED REVENUE

The Joint Committee on Taxation has estimated that a Wall Street Sales Tax could raise over $700 billion in revenue. Other experts are even more bullish and estimate that it could raise over $1.5 trillion. This money is badly needed to invest in middle-class jobs and working families.

STABILIZE FINANCIAL MARKETS

The 2010 "Flash Crash," in which the Dow dropped 600 points in just five minutes, resulted in large part from the sort of short-term automated trading that would be discouraged by a Wall Street Sales Tax. Also, because the tax would encourage long-term investment, it would help prevent the more general risky, short-term behavior that created the 2008 financial crisis.

HAVE WIDESPREAD SUPPORT

Implementing a Wall Street Sales Tax has widespread support from business leaders, economists, politicians worldwide, and a broad coalition of labor, consumer, and environmental groups. Nobel Prize economists Paul Krugman, Joseph Stiglitz and James Tobin have all advocated for the tax. Warren Buffett, Bill Gates, Mark Cuban, and other business leaders also support it. Additionally, discussions are being held in the European Union about implementing a companion tax to ensure that traders could not engage in tax dodging by moving their trades overseas. The E.U. would join over 30 countries that already have some version of the tax.

PLEASE SUPPORT WORKING FAMILIES BY SUPPORTING H.R. 1144/S. 805 OR H.R. 2306 TO IMPLEMENT A WALL STREET SALES TAX AND HELP MAKE THE TAX CODE FAIR FOR WORKING FAMILIES!

STOP TAX BREAKS FOR OUTSOURCING

Our tax code should help working families and encourage the creation of good jobs here in the United States. Instead, the tax code has for years encouraged companies to move money and jobs overseas—and the new Republican tax law makes it even worse.

> **"It's sort of an America-last tax policy. We are basically saying that if you earn in the U.S., you pay X, and if you earn abroad, you pay X divided by two."**
>
> *—Reed College Professor Kimberly Clausing on the new Republican tax law*

INCENTIVES TO OUTSOURCE IN THE REPUBLICAN TAX LAW

The Republican tax law passed in December creates new tax breaks for sending U.S. jobs overseas. These new tax provisions allow companies to deduct half of their income that is generated overseas from their tax bill. In effect, this means that the tax rate for profits from jobs sent overseas will be only 10.5%, compared to 21% for profits from American work. The new tax law not only creates a tax incentive to move work to another country, but also provides them a bigger tax break for investing in growth outside of the U.S.

But it gets even ***worse***. The new tax law creates additional deductions that companies can take for their overseas profits even beyond the lower tax rate on income earned outside the U.S. For example, it exempts from taxes up to a 10% return on "tangible investments"(meaning facilities and equipment) made in other countries. This exemption means that companies can get an even bigger tax cut if they open facilities like call centers and factories or for investing in more equipment in their operations located outside the United States. The new tax law not only creates a tax incentive to move the work to another country, but also allows them a bigger tax break for investing in growth outside of the U.S.

According to the Institute on Taxation and Economic Policy, the end result of these changes would be "many companies paying nothing in U.S. taxes on these earnings."

NO TAX BREAKS FOR OUTSOURCING ACT

A new bill has been introduced in Congress that would remove this terrible tax incentive to offshore U.S. jobs. The ***No Tax Breaks for Outsourcing Act (H.R. 5108/S. 2459)*** would repeal deductions for outsourcing jobs and profits. This would eliminate the tax incentive to move manufacturing and call centers overseas by ensuring that companies would not be able to slash their tax bills by moving those jobs out of the country. The bill would also enact a series of other changes that would block corporate efforts to dodge taxes.

Our tax code should help working families, ensure that the super-wealthy and multinational corporations pay their fair share, and encourage the creation of good jobs here in the United States. The ***No Tax Breaks for Outsourcing Act*** would go a long way to accomplishing that goal and would reverse one of the worst effects of last year's Republican tax law

PLEASE SUPPORT WORKING FAMILIES AND HELP CREATE GOOD JOBS IN THE U.S. BY CO-SPONSORING H.R. 5108/S. 2459, THE NO TAX BREAKS FOR OUTSOURCING ACT!

STOCK BUYBACKS HURT WORKERS

In recent years, corporate executives have rapidly increased their use of stock buybacks as a tool to enrich themselves. Over the last decade, corporations have used over half of their overall profits on buybacks. Unfortunately, these buybacks have played a key role in the financialization of the economy—and in doing so, they've decreased workers' bargaining power and increased income inequality. Policymakers in Congress and the Administration should focus on ending this practice that's harmful for the economy.

WHAT ARE STOCK BUYBACKS?

Stock buybacks are situations when companies use their profits to buy back shares of their stock on the open market. Companies use buybacks to manipulate their share prices—reducing the number of shares available means that the value per share will automatically increase. Because executives are often paid bonuses based on the company's stock price or their salaries are partially paid in stock, CEOs are increasingly likely to use buybacks to benefit themselves. The more a stock goes up in value, the more value the CEO gains.

If this kind of market manipulation seems like it should be illegal, well, it once was. Until 1982, buybacks were considered a form of market manipulation, but a Securities and Exchange Commission (SEC) ruling that year gave companies free reign to buy back stocks.

HOW BUYBACKS HARM WORKERS

While buybacks are very beneficial to corporate executives and wealthy Wall Street investors, they end up harming workers. Before the stock buyback explosion, companies would often use excess profits to increase worker pay and benefits, to invest in new equipment, or to expand into new markets and create more jobs.

Now that the majority of profits go to buybacks, there is little money left to invest in workers and the future growth of companies. For example, in 2015, Verizon bought back $5 billion in stock—and then told striking CWA members just a year later that the company couldn't afford to provide pay increases or better job security.

THE REPUBLICAN TAX PLAN MAKES THIS PROBLEM WORSE

This problem is made even worse by the new Republican tax law. The huge corporate tax cuts in that bill—such as the cut in the corporate tax rate from 35% to 21% and the new special breaks for offshoring—mean that companies are more likely than ever to engage in buybacks. The rate of buybacks has doubled so far, and is expected to reach $800 billion by the end of the year. In other words, the money from the corporate tax cut is overwhelmingly rewarding corporate executives and Wall Street investors, not workers.

HOW TO FIGHT BACK

A bill has been introduced in Congress that would end this malicious practice and encourage companies to ensure that workers benefit from corporate profits. ***The Reward Work Act (S. 2605)*** would reverse the 1982 SEC ruling and would ban companies from buying back their stock on the open market.

PLEASE SUPPORT WORKING FAMILIES AND CREATING GOOD JOBS BY CO-SPONSORING S. 2605, THE REWARD WORK ACT!