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May 13, 2025

U.S. House of Representatives
Committee on Ways & Means
1139 Longworth House Office Building
Washington, DC 20515

Dear Chairman Smith, Ranking Member Neal, and Honorable Committee Members,

On behalf of Public Citizen's more than 500,000 members and supporters across the country, we write in opposition to the Amendment in the Nature of a Substitute to fulfill the Ways & Means Committee section of the reconciliation package, H. Con. Res. 14.

This legislation will take America in absolutely the wrong direction, and it represents one side of a cruel tradeoff that has put the wants of the few over the needs of the many. Among other problems, the bill would provide unconscionable giveaways for the wealthy that will further entrench income inequality in our nation, misguided corporate handouts that double down on disproven trickle-down theories and that will exacerbate offshoring of jobs and investments, and dangerous rollbacks of climate-focused incentives that were speeding the transition to clean energy sources. This bill also presents a dire threat to nonprofit organizations in the shape of provisions that would allow the Trump Administration to weaponize the Treasury Department and provide the Executive Branch with unbridled power to punish political opponents through revocation of nonprofit status without due process protections. Moreover, this version of the tax portion of the reconciliation package would end the popular free IRS e-file software, Direct File, ensuring private companies continue their stranglehold over online filing in the absence of a true public option like Direct File. It also cannot be ignored that these astronomically expensive tax giveaways are being partially funded by inhumanely cutting people's healthcare, nutrition and educational assistance, and other much-needed government programs that give a hand up to people who are struggling.

Public Citizen has joined with our allies from several different coalitions to oppose extension of the 2017 Trump tax law¹ given how skewed it was toward the rich and how it relied on disproven claims of trickle-down economics that unsurprisingly failed to deliver on its promises to working

¹ See, for example, *Coalition Letter Opposing Extension of Trump Tax Scam*, AMERICANS FOR TAX FAIRNESS (Feb. 12, 2025) <https://americansfortaxfairness.org/atf-coalition-letter-opposing-extension-trump-tax-scam/>.

Americans. Instead of rejecting these backward priorities encapsulated in the 2017 law, this bill would worsen the issues caused by the 2017 law by deepening and broadening the wealth gap between ordinary Americans, some of whom are living paycheck to paycheck, and wealthy billionaires. The 2017 tax law was a blanket giveaway to the underserving richest individuals in the nation, multimillionaire estates, and closely held companies like hedge funds.²

This legislation also represents a lost opportunity to shift gears and finally embrace tax policies that would address economic inequality. Lawmakers could instead be proposing progressive tax policies that would grow generous enough revenues to actually support American families through policies like universal pre-K programs, expanded higher education support, paid medical and family leave, lower energy bills, cleaner air and water, and other critical investments targeted at improving the lives of low-income and vulnerable communities. Instead of policies to make Wall Street pay more of its fair share, such as through a financial transaction tax or closing the carried interest loophole; or raising the top individual tax rate; or requiring profitable corporations to pay more in taxes, as they have done historically; the drafters of this bill instead chose to permanently heap additional benefits on the wealthy few while expanding giveaways for price gouging companies. These choices will haunt our country for years to come.

This legislation is a clear handout to the richest Americans. For example, at a time when many American families are struggling to make ends meet due to rising costs, this legislation's permanent lowering of the top income tax rate is an affront to everyday Americans that will further entrench economic inequality. Moreover, though the estate tax was put in place to disincentivize dynastic transfers of generational wealth in this country, instead of allowing the doubled exemption threshold to expire, the expanded exemption was made permanent (now \$30 million per couple) and is tied to inflation.

This bill is a handout to large, profitable companies that already are not paying their fair share. Take the 2017 Trump tax law's 199A "pass-through" provision, which was shown to overwhelmingly benefit big businesses and millionaires³ and allowed billionaires to receive massive tax cuts. This legislation intensifies this giveaway (moving it from 20 percent to 23 percent) ensuring it will continue to benefit companies like hedge funds, given it lacks needed guardrails to keep it from benefitting the richest Americans. The international provisions of this bill also represent a commitment to "America Last" policies that incentivize offshoring of investment by, for example, not allowing the Base Erosion and Anti-Abuse Tax (BEAT) rate to increase or the deduction for Foreign Derived Intangible Income (FDII) to become less generous, as was scheduled to happen. Additionally, already expired tax cuts for corporations like bonus depreciation, research and experimentation expensing, and weakened rules around interest deductions have now been included in this tax giveaway package as well, albeit with sunset dates, though these corporate handouts have been shown to be ineffective in spurring the economic benefits they are purported to incentivize.

² *Ways & Means Mark-Up Trump Tax Law 2.0 Analysis*, AMERICANS FOR TAX FAIRNESS (May 12, 2025) [Ways & Means Mark-Up Trump Tax Law 2.0 Analysis - Americans For Tax Fairness](#).

³ *The Pass-Through Deduction Is Skewed to the Rich, Costly, and Failed to Deliver on Its Promises*, CENTER ON BUDGET AND POLICY PRIORITIES (June 6, 2024) [The Pass-Through Deduction Is Skewed to the Rich, Costly, and Failed to Deliver on Its Promises | Center on Budget and Policy Priorities](#).

This legislation further adds insult to injury by doing away with a program that put an average of \$160 per year into the hands of tax filers, the IRS's Direct File e-file software. Expanded to 25 states this filing season after a very successful pilot year in 2024, this move cuts off this very popular program before it even had a chance to take off. Since 98 percent of Direct File taxpayers in 2025 were "satisfied" or "very satisfied" with their experience, it is totally wrongheaded to dismantle this program simply to ensure Big Tax Prep is able to annually milk filers of hundreds of dollars simply to use their paid software programs.

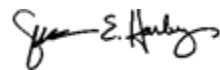
These giveaways to the rich and corporations are paid for-- in addition to cruelly slashing healthcare, food assistance, and other needed programs—by rolling back climate-focused solutions through the gutting or outright repeal of green energy credits⁴ passed as part of the Inflation Reduction Act. These green tax credits have already shown important benefits of reducing the cost of clean energy and Americans' energy bills while also reducing pollution across the country. Credits for electric vehicles, solar, and energy efficient homes are on the chopping block and other credits will now be made functionally unworkable. The clawback of vital climate solutions while climate disruption and extreme weather continue to decimate communities is yet another example of how this bill chooses the wishes of the few over the needs of the many.

Nonprofit organizations should also all be wary of providing the Trump Administration with unchecked power to remove the tax exempt status of charitable organizations without necessary due process that exist to ensure these decisions will not be politically motivated and used as retribution for political opponents.

This letter has only touched on a few of the most egregious elements of this destructive tax package that will lock in inequality, shower campaign donors with giveaways, and provide unnecessary tax benefits to large, profitable companies that are already not pulling their weight when it comes to supporting this country's revenue needs. And, at the same time, other committees plan to effectuate their portion of this misguided reconciliation plan by stripping away important protections like healthcare, nutrition, and education support.

It's not too late to right these wrongs and shift direction toward a path that will actually lift the living situations of all Americans, not just those who need it the least. Public Citizen strongly urges you to oppose this Amendment in the Nature of a Substitute for the Ways & Means Committee section of the reconciliation package, H. Con. Res. 14.

Sincerely,



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⁴ *Rapid Analysis: House GOP's Clean Energy Repeal and What it Means for the Affordability Crisis*, EVERGREEN ACTION (May 12, 2025) [The GOP's proposed budget reconciliation bill kills jobs and raises household energy costs.](#)