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December 19, 2017

U.S. Senate  
Washington, DC 20510

U.S. House of Representatives  
Washington, DC 20515

Dear Honorable Senators and Members,

On behalf of Public Citizen's more than 400,000 members and supporters, we urge you to reject the misnamed "Tax Cuts and Jobs Act" (H.R. 1) which, instead of creating jobs, will kill jobs by opening the door to further outsourcing of investments by multinational corporations. This tax bill is also cruel and morally backward: it takes from the needy to give to the rich, further rigging our economy to benefit those who need it least. And, by repealing the Affordable Care Act's individual mandate, 13 million more Americans will end up uninsured, an unacceptable outcome that would absolutely not be solved by promised programs to stabilize Obamacare marketplaces or increase reinsurance opportunities.

An overwhelming majority of the voting public believes that cutting the deficit should come before slashing taxes for the rich or corporations. However, this legislation takes the opposite approach by allowing \$1.5 trillion in deficit spending to finance these tax cuts that greatly benefit the very wealthy. Voters see through this thin charade and understand this plan actually just seeks to benefit the corporate political donor class at the expense of everyday people.

Though American corporations are reporting record profits, the percentage of our nation's taxes that come from corporations is half what it was during the 1950s. Many profitable companies like General Electric, PG&E and Netflix have paid no taxes at all in recent years, or even worse, received rebates from the government. Corporations utilize public services like our first responders, our roads, and our courts so it is only reasonable to have them cover their portion of the tax responsibility for paying for these essential services. States like Kansas stand as a stark recent example of the failed tax cut theory-in-action when government services were starved to pay for tax breaks that benefited companies and wealthy individuals.

Despite the very low current contributions from corporations to our collective tax coffers, this GOP would lower the tax for corporations to 21 percent, a huge reduction from its current 35 percent level. And, with this bill's repeal of the Alternative Minimum Tax, there will no longer be an assurance that corporations will contribute at least a floor amount to the upkeep of our national services. This, while economists have solidly repudiated the concept of "trickle-down economics" and have handily proven false the argument that corporations would somehow be more competitive with lower tax rates in the U.S, or that regular Americans would somehow benefit from their reduced rates. The basic fact is that even CEOs admit that they have no intention of increasing investments or raising wages after receiving tax cuts; instead, as they have in the past, they will increase dividends for shareholders or inflate the value of their stocks. It's been reported that just this month, dozens of companies have announced tens of billions in stock buybacks.

Additionally, under H.R. 1, the U.S. would move to a territorial tax system, which will kill American jobs by increasing the incentive to engage in accounting gimmicks and profit shifting and allowing some multinationals to make use of a zero percent tax rate on active foreign profits, giving these companies an

unfair advantage over domestic Main Street businesses. Anti-abuse provisions in the bill are still far too easy to game, and the domestic-to-international tax rate discrepancy will be an irresistible siren song for tax avoiders. Right now, there is an estimated \$2.6 trillion in profits “booked offshore” by American corporations, meaning corporations are avoiding an estimated \$752 billion in taxes. Instead of making these companies pay what they owe, H.R. 1 rewards these tax dodgers by allowing those deferred profits to be taxed at the bargain basement rate of either 8 or 15.5 percent. That’s a more than \$400 billion windfall for these tax dodgers that chose to defer paying their taxes in hopes such a handout would come their way. When a similar scheme was tried in 2004, it was a failed experiment. Instead of using the money they had from their discounted tax rate to create jobs, firms paid shareholders dividends or bought back stock. Still worse, the majority of the top repatriating firms actually *cut jobs* after utilizing the holiday.

Many of the provisions in this bill will personally benefit President Trump, and the provisions related to “pass-through” companies is so clearly in his favor, it has been nicknamed the “Trump loophole.” Even though they might be in very lucrative lines of work, this bill would allow some of the owners or shareholders of these companies to deduct 20 percent from their taxes. Provisions that have been included in the bill to attempt to keep extremely high-earning professionals from making use of this giveaway are still far too ripe for gamesmanship by those rich enough to pay accounts and lawyers to work their tax gymnastics.

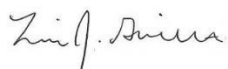
As Americans continue to struggle to regain their economic footing after the Wall Street crash and Great Recession, it is immoral that H.R. 1 seeks to increase economic inequality in several ways, including by lowering taxes on the top earners in our society, down from 39.6 percent to 37 percent. Moreover, this legislation will allow dynastic accumulation of wealth by doubling the estate tax exemptions-- making it apply only to estates worth nearly \$11 million for individuals and almost \$22 million for couples under current rules. Under the current exemption levels, the tax already only applies to a tiny fraction of inheritances every year, but this provision renders the estate tax, which is a critical tool for unrigging our economy, virtually toothless.

Moreover, it is unconscionable to push millions of Americans off of healthcare by repealing the requirement that all individuals purchase insurance, and the deficit spending outlined under the bill will require at least \$25 billion in mandatory Medicare cuts in 2018 and \$400 billion over 10 years. That means that seniors will be paying for corporate tax cuts and giveaways for the ultra-wealthy with their health care dollars. We urge those senators and members who boldly protected the Affordable Care Act to again step forward and save our nation’s health care law by voting against this bill. Health care is a human right, and it is reprehensible that a nation with so many resources as the U.S. would not share the wealth with the sick and weak and instead its leaders want to further line the pockets of billionaires and the robber baron class, who not coincidentally, are campaign donors.

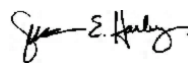
Instead of using the partisan reconciliation process to fast-track these regressive policies and half-measures, it’s time for Congress to go back to the table and engage in a real tax discussion with real Americans about what is best for their families and their futures.

Please do what’s right for your constituents and oppose H.R. 1.

Sincerely,



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