June 12, 2018

Dear Member of Congress:

We urge you to reject any so-called “Round 2” of tax cuts from President Trump and Republicans in Congress like those enacted last year, which once again would primarily benefit wealthy Americans and could end up costing close to $800 billion over the next decade and much more over the long-term. The richest Americans do not need another massive tax cut; they and America’s corporations need to start paying their fair share, so we have the resources needed to protect Social Security, Medicare and Medicaid and to invest in education, infrastructure and many more services working families and communities need to thrive.

The original Tax Cuts and Jobs Act (TCJA) bestows most of its benefits on the wealthy and large corporations. Its $1.9 trillion cost, according to the Congressional Budget Office (CBO), will vastly enlarge the federal debt and be used as an excuse for conservatives to enact deep cuts to Social Security, Medicare, Medicaid, education and other vital public services that tens of millions of people rely on—mostly seniors, children, women, and people with disabilities. Extending or expanding the law’s existing provisions will likewise primarily enrich the already wealthy while further threatening essential services and investments.

The most frequently mentioned component of a Round 2 is the permanent extension of individual tax breaks currently scheduled to expire at the end of 2025. Even though they do not include TCJA’s tax cuts for corporations, which were made permanent in the law, they are still heavily slanted toward the rich. That is because they include major tax breaks that mostly or exclusively benefit high-income taxpayers: the reduction in the top individual income tax rate that exclusively affects the tiny percentage of people with annual income above $500,000 ($600,000 for couples), the special new deduction for individuals owning so-called “pass-through” business entities, the tax cuts for multi-million-dollar estates (which doubled the amount of a couples’ assets exempt from the estate tax from $11 million to $22 million), and the increase in the amount of income exempt from the Alternative Minimum Tax (AMT).

The Institute on Taxation and Economic Policy (ITEP) has determined that 43% of the tax benefits of extending these expiring TCJA provisions would go to the wealthiest 5% (incomes above $290,000). The bottom 60% (incomes below $81,000) would get only 19% of the tax benefits. Therefore, the extension of TCJA’s individual provisions is not a middle-class-focused tax cut but rather another benefit for the wealthy.
In particular, the pass-through deduction, which loses $265 billion and reduces individuals’ taxes on their business income, has been misleadingly sold as a “small business” tax cut, but most of the benefits flow to wealthy business owners (such as President Trump) and wealthy investors. In 2024, 61% of the benefits will go to the wealthiest 1% of pass-through business owners, while just 4% will go to the bottom two-thirds, including the solo practitioners and proprietors of Main Street shops that truly personify “small business,” according to the Center on Budget and Policy Priorities. The pass-through deduction is already being used by people who can afford highly-paid tax lawyers and accountants, while its byzantine rules increase the complexity faced by actual small businesses’ tax compliance. Extension of this special pass-through deduction would perpetuate these skewed benefits and sources of unfairness.

In addition to the $1.9 trillion cost of the TCJA, CBO estimates extending the expiring individual tax provisions (including those affecting pass-through businesses) would cost an additional $650 billion over the next decade, with the costs exploding over time. If one of the few expiring business-tax provisions—full expensing—is also made permanent (as has been suggested by conservatives) the added ten-year cost would grow by another $122 billion.

To reduce the large increase in debt caused by the tax cuts, President Trump has proposed slashing $1.7 trillion from Medicare, Medicaid, food stamps, housing assistance, assistance for people with disabilities, environmental protection, tuition aid and dozens of other important services. Round 2 tax cuts would give conservatives an excuse for still deeper cuts.

America cannot afford the Trump-GOP tax cuts benefitting the rich and corporations, and we sure cannot afford a Round 2 that puts the interests of the wealthy over everyone else while maintaining a lower tax rate on income earned from wealth compared to wages and salaries. We urge you to oppose an extension of TCJA tax cuts and instead support legislation to ensure that the wealthy and large profitable corporations pay their fair share so that we have the revenue needed to invest in our families and communities to strengthen public education, fix infrastructure, make healthcare more affordable, assist families in need of affordable childcare, housing, nutrition and other basics, and provide a secure retirement with dignity.

Sincerely,

9to5, National Association of Working Women
AFL-CIO
African American Health Alliance
Alliance for Retired Americans
Alliance of Baptists
Amalgamated Transit Union
American Family Voices
American Federation of Government Employees (AFGE)
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers
American Medical Student Association
American Postal Workers Union
Americans for Democratic Action (ADA)
Americans for Tax Fairness
Campaign for America’s Future
Caring Across Generations
Center for American Progress
Center for Community Change Action
Center for Law and Social Policy
Center for Medicare Advocacy
Center for Popular Democracy
Children’s Advocacy Institute
Children’s Defense Fund
Children’s Leadership Council
Coalition of Labor Union Women
Coalition on Human Needs
Communications Workers of America
Congregation of Our Lady of Charity of the Good Shepherd, US Provinces
Courage Campaign
Daily Kos
Department for Professional Employees, AFL-CIO
Doctors for America
Economic Policy Institute Policy Center
Ecumenical Poverty Initiative
Endangered Species Coalition
Faith in Action
Faith in Public Life
Forum for Youth Investment
Friends of the Earth
Global Justice Institute, Metropolitan Community Churches
Global Policy Solutions
Health Care for America Now
HEAR US Inc.
Hip Hop Caucus
Holy Spirit Missionary Sisters, USA-JPIC
Institute for Policy Studies - Program on Inequality
Institute on Taxation and Economic Policy
International Association of Machinists and Aerospace Workers (IAMAW)
International Brotherhood of Boilermakers
International Brotherhood of Teamsters
International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America
Jobs with Justice
JPIC Committee, Passionists of North America
Loretto Community
Main Street Alliance
Medical Mission Sisters Justice and Peace Office
Mi Familia Vota
MomsRising
MoveOn.org
National Advocacy Center of the Sisters of the Good Shepherd
National Alliance of HUD Tenants
National Asian Pacific American Families Against Substance Abuse (NAPAFASA)
National Association of Letter Carriers (NALC)
National Center for Lesbian Rights
National Coalition for Asian Pacific American Community Development (National CAPACD)
National Coalition for the Homeless
National Committee for Responsive Philanthropy
National Consumers League
National Council of Jewish Women
National Education Association
National Employment Law Project
National Health Law Program
National Korean American Service & Education Consortium (NAKASEC)
National LGBTQ Task Force Action Fund
National Low Income Housing Coalition
National Nurses Union
National Organization for Women
National Partnership for Women & Families
National Physicians Alliance
National Priorities Project at the Institute for Policy Studies
National Women’s Law Center
National Working Positive Coalition
NETWORK Lobby for Catholic Social Justice
Occupy AIDS
Our Revolution
Oxfam America
Patriotic Millionaires
Peace and Justice Team of Congregation of St. Joseph
People Demanding Action
Peoples Action Institute
Poligon Education Fund
Positive Women’s Network-USA
Pride at Work
Progressive Congress Action Fund
Prosperity Now
Public Advocacy for Kids
Public Citizen
Responsible Wealth
RESULTS
RootsAction.org
Service Employees International Union
Sinsinawa Dominican Peace and Justice Office
Sisters of Divine Providence
Sisters of Mercy South Central Community
SMART Transportation Division
Social Security Works
SocioEnergetics Foundation
Steelworkers Organization of Active Retirees
Strategies for Youth, Inc.
Sugar Law Center for Economic and Social Justice
Take on Wall Street
TASH
Tax March
Teach Plus
The Advocacy Institute
The International Federation of Professional and Technical Engineers (IFPTE)
The John Leary Organization
The Leadership Conference on Civil and Human Rights
Treatment Action Group
Turtle Island Restoration Network
UnidosUS
Unitarian Universalists for Social Justice (UUSJ)
UNITE HERE
United for a Fair Economy
United Steelworkers (USW)
Voices for Progress
Working America
Xaverian Brothers