

## 37 VIRGINIA STATE GROUPS SUPPORT PRESIDENT BIDEN'S TAX PLAN

August 10, 2021

Dear Member of Congress:

President Biden's Build Back Better proposals provide Congress a historic opportunity to move toward an economy that works for all of us, not just the wealthy and corporations. The president has proposed long-overdue investments that will create good-paying jobs, rebuild communities and expand opportunities for working families that will reduce inequality. Importantly, the president's fiscal plans will fulfill his general goal to use the government to [achieve greater racial equity](#). Federal tax and spending policies have historically contributed to the troubling income and wealth gaps between Black and white Americans; Biden's proposed reforms will reverse many of those policies.

At the heart of the president's plans are big and bold public investments financed by requiring the rich and corporations to pay their fair share of taxes. The president's economic plan—consisting of the American Jobs Plan, Americans Families Plan and Made in America Tax Plan—will finance [\\$4.2 trillion in new investments with \\$3.8 trillion in revenues](#) from the wealthy and corporations over 10 years. **In the U.S. Senate these plans provide the framework for the \$3.5 trillion budget resolution that is being debated and voted on this week.**

Those investments will rebuild roads, bridges, and other infrastructure; expand the use of clean energy; strengthen American manufacturing and small businesses; make healthcare premiums and housing more affordable; increase investment in public education, childcare, and home- and community-based supports for the elderly and people with disabilities; guarantee workers up to 12 weeks of annual paid family and medical leave; and help rebuild the middle class.

**The president's tax reforms, which will not raise taxes on anyone earning less than \$400,000 a year and [affects less than 2% of taxpayers in every state](#), are widely popular.** In [12 recent polls](#), voters support the president's proposals by 60% to 65% or more, including independent voters. Here are our views about the president's tax plan, which are **explained in more detail in this letter [signed by 90 national groups](#).**

### **CURB CORPORATE TAX DODGING & OFFSHORING**

American [corporate profits have set records](#) in recent years. Meanwhile, in 2020 [55 of the nation's biggest corporations](#) (including FedEx, Nike and Salesforce.com) made \$40.5 billion in total profits but paid nothing in federal income taxes. A [government survey](#) of over 1,500 U.S.-based multinational firms found that for 2018, they paid an [average U.S. tax rate of just 7.8%](#)—far below the median [14% tax rate paid](#) by all households. American corporations [dodge an estimated \\$60 billion a year](#) in U.S. taxes by shifting profits and production offshore because the federal income tax rate on their foreign profits is about [half the domestic tax rate](#). President Biden has three major proposals to address this tax avoidance and require corporations to begin to pay their fair share:

- **Raise the corporate tax rate to 28%—a 25% rate is NOT high enough.** This will [raise nearly \\$900 billion](#), \$300 billion *more* than the 25% rate the business community asked for in 2017.
- **Curb offshore corporate tax dodging by eliminating incentives to outsource jobs and shift profits to tax havens.** This will [raise more than \\$1 trillion](#).
- **Establish a 15% minimum corporate tax so that large profitable corporations cannot get away with paying zero in federal income taxes.** This will [raise \\$150 billion](#).

#### ENSURE THE WEALTHY PAY THEIR FAIR SHARE

America's [wealthiest 1% got \\$4 trillion richer](#) last year, capturing 35% of the extra wealth generated nationwide while the poorest half of the population got just 4%. The nation's 650 billionaires saw their collective fortunes [increase by 55%](#), or \$1.6 trillion, during the first 13 months of the pandemic. That is enough to pay for nearly two-fifths (38%) of the [\\$4.2 trillion cost](#) of Biden's investment plans. Billionaires and millionaires living off their wealth can pay a [lower tax rate than middle-class workers](#) like teachers, nurses and truck drivers pay on their wages. The richest 1% are responsible for more than [one-third of total tax evasion](#), costing the \$175 billion per year. President Biden has proposed three principal reforms to tax the wealthy more fairly:

- **Tax wealth like work.** People earning more than \$1 million a year would have to pay a top tax rate on the sale of stock and other assets that is the same as the top rate workers pay on wages. Biden also will close a loophole that often allows the wealthy to avoid paying taxes on investment gains for their entire lives. These reforms will [raise \\$325 billion](#).
- **Restore the top individual tax rate to 39.6% and stop avoidance of healthcare taxes by wealthy business owners that are used to fund healthcare.** These two reforms [will together raise \\$370 billion](#).
- **Crack down on tax evasion by the wealthy, which will [raise \\$700 billion](#).**

#### FURTHER ACTIONS TO STRENGTHEN THE FEDERAL TAX CODE

These reforms affecting the wealthy are a great start. However, after years of tax breaks and gaming the system, Congress should require the wealthy to do much more to raise revenues for shared priorities. Options include:

- **Cap the value of itemized deductions at 28%, which will [raise about \\$225 billion](#) while making the system fairer.**
- **Restore the estate tax to 2009 levels and close dynasty trust and other loopholes.** Family fortunes [below \\$3.5 million would not be taxed](#). It will [raise about \\$220 billion](#) and affect 0.6% of estates.
- **End the 20% deduction for owners of pass-through businesses earning more than \$400,000.** Most of the benefit of this deduction flows to the [wealthiest 1% of business owners](#). This will [raise about \\$140 billion](#).
- **Enact a wealth tax of just 2% on households worth over \$50 million or 3% on billionaires.** This could [raise an estimated \\$3 trillion](#) and narrow the nation's destabilizing wealth gap.
- **Enact a financial transaction tax (or Wall Street Sales tax) of as little as 10 cents on every \$100 worth of trades in stock and other securities.** This could [raise some \\$750 billion](#) while calming risky and harmful speculation that is costly to small investors.

Now is the time to unrig the tax system and rebuild our economy so that everyone has a meaningful chance to prosper, care for their families and secure the future for coming generations. Congress should take the first step now to pass President Biden's tax proposals and even add to them to ensure the economy works for all of us, not just the wealthy and corporations.

Sincerely,

AMMD Pine Grove Project  
Appalachian Voices  
Black Lives Matter 804  
The Black Women's Collective: Dan River Region  
Chesapeake Climate Action Network & CCAN Action Fund  
The Clinch Coalition  
The Commonwealth Institute for Fiscal Analysis  
Fairfax County Federation of Teachers (AFT 2401)  
Faith Deliverance Christian Center  
Friends of Buckingham  
Friends of Nelson  
Greater Living Word Ministries  
Helping Young People Everywhere (HYPE)  
In Touch Academy Inc.  
The Maggie Walker Community Land Trust  
Main Street Alliance - Virginia  
Metropolitan Community Church of Richmond  
The Motley Consulting Group, LLC

NAACP Pittsylvania County Branch 7096  
New Macedonia Christian United Church of Christ  
New Virginia Majority  
Norfolk Federation of Teachers  
Performing Statistics  
Political Latinxs United for Movement and Action in Society (PLUMAS) - Virginia  
Preserve Giles County  
Progress Virginia  
Progressive Democrats of America - Virginia  
The Richmond Crusade for Voters  
RESULTS Virginia  
RISE for Youth  
Southern Virginia Latino Association  
Staunton Organizing  
Virginia AFL-CIO  
Virginia Education Association  
Virginia League of Conservation Voters  
Virginia Organizing  
Voices for Virginia's Children