November 15, 2017

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I urge you to oppose H.R. 1, the Tax Cuts and Jobs Act.

H.R. 1 is a regressive tax plan that reduces net federal revenues by about $1.5 trillion, and raises taxes on millions of middle class taxpayers. The plan also hurts students borrowing for college tuition, homeowners with mortgages, and families with costly medical expenses. At the same time, this tax bill reduces tax rates and creates new tax breaks for millionaires and billionaires and large profitable corporations. It also lowers U.S. taxes on the foreign income of multinational conglomerates, and incentivizes outsourcing of American jobs and profits to low-tax countries and tax havens. This bill worsens America’s wealth inequality by granting the top 1 percent of earners nearly 50 percent of its total tax benefits.

H.R. 1 raises federal taxes on the middle class in 2018 on 10 percent of households earning $48,600-$86,100 and increases their average tax by $1,100. In 2027, the plan raises taxes on 36 million households earning below $154,900, increasing their average taxes by $1,130. At the same time, the bill provides most of the individual tax cuts to the richest 1 percent. The bill grants wealthy business owners a new special reduced tax rate of 25 percent on their pass-through income. The plan also repeals the Alternative Minimum Tax (AMT) on individuals, which applies mostly to the wealthiest 1 percent. It raises the current top 39.6 percent bracket from starting at $470,000 to $1 million for joint filers. It repeals the estate tax and generation-skipping tax after 2023 and in the interim doubles the exemption from $11 million to $22 million per couple. Although the plan sunsets some tax reductions for working families, its tax cuts for the wealthy are mostly permanent.

AFSCME is also troubled that the plan gives tax cuts to wealthy corporations and businesses. It reduces the corporate tax rate from 35 percent to 20 percent and eliminates the AMT on corporations, which is now 20 percent and applies almost exclusively to the richest corporations. The plan also reduces the tax rate from 35 percent to 12 percent on taxes that corporations currently owe on the $2.6 trillion in profits they already booked overseas.
One of the most egregious provisions of this plan is the repeal of the more than 100-year-old federal tax itemized deduction for state and local government tax payments for income tax or sales tax. This repeal will make it more difficult for state and local governments to provide public education, transportation, child care, and other vital public services, and it harms middle class taxpayers in all 50 states. One third of all taxpayers making $50,000-$75,000 use this deduction, as do half of those making $75,000-$100,000.

H.R. 1 is being unfairly rushed through Congress without a full consideration of its many, far-reaching consequences. In addition, it adds to the deficit and Speaker Ryan has guaranteed a future vote to cut Medicare, Medicaid, Social Security, education and other vital public services to pay for these tax cuts. Furthermore, the Congressional Budget Office announced that enacting this tax package would require immediate subsequent spending cuts – or sequestration – of $136 billion, including up to $25 billion from Medicare and at least $111 billion from other mandatory accounts. AFSCME urges you to oppose H.R. 1.

Sincerely,

[Signature]

Scott Frey
Director of Federal Government Affairs

SF/MG:mc