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 the House Republican tax plan proposed by the Ways and Means Committee Chairman Robert Brady. This tax plan exacerbates current income disparity through costly tax giveaways to the wealthiest 1 percent and large profitable corporations. The plan creates new tax breaks for millionaires and billionaires and encourages multinational conglomerates to outsource U.S. jobs and profits to low-tax countries and tax havens. Despite its claims, the plan provides relatively limited benefits for most low- and middle-income Americans. Moreover, experts estimate it increases taxes on more than 10 million middle-class taxpayers, especially larger families. The plan will also add greatly to the debt in a blatant effort to force cuts in Medicare, Medicaid, Social Security, education and other vital public services to pay for these tax cuts.

On the individual side, many of the plan’s proposals are extremely regressive. AFSCME strongly opposes reducing the tax rate to 25 percent on pass-through income (i.e. individual’s business income). This mostly benefits wealthy business owners, such as corporate lawyers, doctors, and accountants. Experts estimate 80 percent of reduced taxes on existing pass-through income would benefit those with incomes exceeding $1 million. Unfortunately, the plan’s consolidation of the current 7 tax brackets into 4 brackets also benefits the wealthy. It is troubling the plan repeals the Alternative Minimum Tax (AMT), which is now set at 26 percent and 28 percent and applies almost exclusively to the wealthiest 1 percent, at a cost of $695 billion. We are concerned that although the current top 39.6 percent bracket for married joint filers starts at about $470,000, the plan raises this to $1 million. Finally, the plan repeals the estate tax and generation-skipping tax after 2023, and starting in 2018, doubles the current exemption from $11 million to $22 million per couple and reduces tax rate from 40 percent to 35 percent, which with related provisions costs $172 billion over 10 years.

On the business side, AFSCME opposes reducing the corporate tax rate from 35 percent to 20 percent (costing $1.46 trillion) and eliminating the Alternative Minimum Tax, which is now set at 20 percent and applies almost exclusively to wealthiest 1 percent (costing $40 billion).

AFSCME is concerned the plan reduces the tax rate from 35 percent to 12 percent on taxes corporations currently owe on $2.6 trillion in profits they already booked overseas. Worse, given the plan imposes a new tax rate on overseas profits significantly
below U.S. profits, it encourages corporations to send U.S. jobs and profits out of America.

AFSCME is deeply troubled this plan repeals the more than 100-year-old federal tax itemized deduction for state and local government tax payments, including taxes for state, county, city income tax or sales tax. This repeal will make it more difficult for state and local governments to provide vital public services like public education, health care, affordable housing, and child care.

AFSCME strongly opposes this tax plan because it is regressive, raises taxes on many middle-class families, and threatens services needed by tens of millions of children, senior citizens, people with disabilities. We urge you to vote no and strongly oppose this tax plan.

Sincerely,

Scott Frey
Director of Federal Government Affairs

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