AFL-CIO

LEGISLATIVE ALERT

September 13, 2018

The Honorable Kevin Brady, Chairman
The Honorable Richard Neal, Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Brady and Ranking Member Neal:

On behalf of the AFL-CIO, I urge you to oppose Chairman Brady's Tax Reform 2.0 bill scheduled for committee consideration today.

To justify a second round of tax cuts, Chairman Brady is doubling down on the discredited economic theory that another $657 billion in tax breaks for the wealthy and corporations will strengthen our economy and provide "trickle-down" benefits to working families. This cost-estimate from the Joint Committee on Taxation may be too low because their 10-year budget window captures only three years of tax cuts. The Center on Budget and Policy Priorities (CBPP) estimates the true cost to be $2.9 trillion.

What is certain, however, is that the already-enacted $2 trillion tax giveaway has done little to strengthen the economy and, more importantly, working families have not come close to getting the $4,000 salary raise promised by the bill's proponents. Instead, we have seen worsening economic inequality and some $710 billion in corporate stock buybacks – a phenomenon of little, if any benefit, to middle class Americans. There is no justification whatsoever for this tax cut. Rather, Congress should be ensuring the wealthiest among us and large corporations pay their fair share of taxes so that we can protect and secure the stability of critical national priorities like Social Security, Medicare, Medicaid, infrastructure and education.

Further, we view two of the bill's retirement savings provisions as misguided and problematic. According to the CBPP the new "Universal Savings Accounts" would benefit the wealthiest households and do little to boost private savings overall. A second provision, contained in section 110 of the bill, would jeopardize public employees' retirement security by overturning an Internal Revenue Service ruling regarding employees' contributions to their public pensions. This "pick up" rule provision would enable public employers to coerce employees to opt "voluntarily" into a retirement plan with inferior benefits.

In no way is the Tax Reform 2.0 bill in the interests of our nation's working families. We urge you to oppose it.

Sincerely,

William Samuel, Director
Government Affairs Department