COALITION ON HUMAN NEEDS
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Dear Senator:

On behalf of the human service providers, faith organizations, policy experts, civil rights, labor and other advocacy organizations making up the Coalition on Human Needs, I strongly urge you to vote against the Tax Cuts and Jobs Act. Our members are national groups representing millions of people in every state. We come together in support of programs and policies that help low-income people move out of poverty and help people with moderate incomes to increase their economic security. We oppose this legislation because it would squander trillions of dollars in revenue needed for services and investments in our future by handing unwarranted tax cuts to wealthy individuals and corporations. Far from helping the middle class, this tax give-away will harm low- and middle-income people by raising taxes on millions of people and by diminishing the services they need. Further, the vast tax cuts for millionaires and corporations are most unlikely to generate appreciable U.S. job growth; the international provisions, in fact, provide incentives for more development outside this country.

The extent to which this legislation targets tax cuts for the wealthiest among us is stunning. The Tax Policy Center's analysis of the conference agreement shows that nearly two-thirds of the tax cuts go to the richest 20 percent in 2018, while all those in the bottom 60 percent (taxpayers below $86,100) receive 17.4 percent. But because the income tax provisions are temporary, by 2027, the bottom 60 percent will be paying more in taxes than under current law, on average, and the top quintile hogs nearly all of the tax benefits. In 2027, taxpayers in the bottom fifth will owe on average $30 more in taxes; the next fifth (with incomes between $28,100 and $54,700) will owe $40. On the other hand, each taxpayer in the richest one percent will get an average tax cut of $20,660, and the richest one-tenth of one percent (with incomes exceeding $5 million) will receive $148,260.

Opportunities to use the tax code to provide real help to low-income working families with children were largely rejected. The increase in the Child Tax Credit (CTC) makes families with incomes up to $400,000 eligible for the CTC proposed to increase to $2,000 per child (now, the CTC phases out for families with income of $150,000). For a mother with two children who works full-time at the minimum wage, the increase would be only $75. The change in the conference agreement to allow a maximum of $1,400 in a refundable credit misses 10 million of the lowest-income earners altogether. Although it will allow a married couple with two children and $24,000 in earnings to receive an $800 increase as compared to $200 in the Senate bill, that still limits another 14 million families with modest earnings well below what high income families receive. However, most disappointingly, the conference agreement includes the requirement that children receiving the Child Tax Credit have Social Security numbers, thereby excluding 1 million low-income children brought here as children, young "Dreamers" whose parents work and pay taxes.

The conference agreement retains the Senate's repeal of the Affordable Care Act's individual mandate, resulting in 13 million people going without insurance and premiums rising by 10 percent for others remaining in the ACA marketplace. The bill makes "savings" of over $300 billion from this change which pays part of the cost of tax breaks disproportionately for corporations and rich people.

There are many other ways low- and moderate-income people pay for rich people's tax cuts. The limits on deductions for state and local taxes will cause tax increases in certain states. They will also result in pressure to cut services in states and communities, with education particularly threatened, and also Medicaid, road repair, public transit, and public health and other important functions especially needed by middle- and lower-income families.

The conference agreement fails to protect Puerto Rico from greater economic devastation by allowing a new 12.5 percent tax on income from intellectual property, adversely affecting medical manufacturing by mainland companies responsible for about one-third of the island's economy (about 250,000 jobs). Governor Rosselló has stated that such a change will cost U.S. citizen jobs by encouraging companies to relocate to foreign nations, not to the U.S. mainland. The conference agreement chooses to further victimize an impoverished territory struggling to recover from natural disasters while at the same time helping millionaires by further reducing the top income tax rate to 37 percent.

The tax cut bill makes nearly all individual income tax changes temporary (one exception is the slower inflation adjustment that will continue, eventually pushing taxpayers into higher brackets – another way people of modest incomes will pay for permanent corporate tax breaks). Certain business tax cuts also sunset, such as the research investment credit. If the temporary tax cuts are continued, the increase in the deficit will go well beyond the nearly $1.5 trillion estimated by the Joint Committee on Taxation, possibly reaching $2.2 trillion over ten years. While the Joint Committee on Taxation had estimated that previous versions could generate close to $500 billion in revenues due to economic growth, such growth far from pays for the tax cuts. The remaining deficit, perhaps well exceeding the $1.5 trillion now estimated, is already being used as the excuse to press for cuts in a host of programs of particular importance to low/moderate income people, such as Medicaid, Medicare and other health programs, SNAP, SSI, SSDI, education, and subsidized housing. If Congress embarks on attempts to cut such services, it will be yet another way low-income people pay for tax cuts for the rich and corporations.

With very little time for the public or lawmakers to absorb the impact of last-minute and unsavory additional largesse bestowed on real estate businesses or the full impact of the bill's international tax policies, a vote for this bill is a reckless act. While we fear the effects of the bill will be even worse than thus far estimated, its thrust is clear and negative. There will be a transfer of resources away from the bottom 60 percent to those at the top, leading to reduced investments in the real engines of prosperity: education, infrastructure improvements, and a healthy and economically secure populace.

The Coalition on Human Needs' members see this, as do a majority of Americans. Please vote no on a tax bill that will weaken us as a nation for years to come.

Sincerely,

Deborah Weinstein,
Executive Director