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Research Report: November 25, 2017

Stop the Senate's Giveaway to the Rich Via the Senate Tax Bill

Summary: This week the Senate will take up the Senate's tax bill this coming week, with a possible floor vote as soon as Thursday, November 30, 2017. It is expected that there will be an all-night debate on the bill.

Talking Points:

*The Democrats plan to delay or derail the measure. The GOP must hold together at least 50 votes from its thin 52-vote majority in order to prevail.

*The bill is heavily skewed toward tax cuts for large corporations and pass-through businesses, with fully two-thirds of the tax cuts going to business. Of the remaining third of the cuts, the majority of the benefits would go to the rich.

*The government's tax policy center found that the Republican Senate tax cuts for lower income taxpayers disappear by 2027, after which lower and middle class taxpayers pay either a tax hike or see no change in 2027. By contrast, in 2027 the top 1% see an average tax cut of more than $30,000, and the top 0.1% have an average tax cut of more than $200,000.

*Why does this happen? Because the Senate plan frontloads the benefits for lower and middle income groups - probably for political purposes. It cuts individual income taxes for all groups and gives lower income groups tax preferences but those are temporary and expire after 2025. But three things remain permanent: the individual mandate repeal; a new inflation measure that continues pushing people into a higher tax brackets; and the corporate tax rate that remains at 20%, down from the current 35%.

*But clearly, most of the benefits for lower and middle income taxpayers are gone by 2027 even as corporate tax cuts keep giving a massive tax cuts to the very richest.

*The analysis assumes that fully 80% of the benefits of corporate tax cuts go to shareholders into capital and only 20% of the benefits go to labor. In the current labor markets that itself may be a generous assumption. The value of the corporate tax cuts to the rich is one reason that people at the very top income and investment wise get a continued tax cut. By 2027, all that's really left is a big corporate tax cut.

*The Tax Policy Center The bill would cut taxes by nearly $6 trillion over ten years, would increase other taxes by $4.5 trillion, and would increase the deficit by $1.5 trillion over a decade. It is reported that Republican senators assume that many of bill's provisions are intended to be extended. If they are, the deficit would increase by $2.4 trillion.

*The bill would get rid of the ACA individual mandate that requires most to buy medical coverage. It also gets rid of the exemption for state and local property taxes.

*Certain key Republican senators are central to the passage of the bill. *Senator Susan Collins* has said she wants the provision ending the ACA mandate taken out of the bill because it would cancel out any tax cut that middle class families would get under the bill. She also wants to maintain at least the exemption for state and local property taxes, as was included in the House bill. *Senator Bob Corker* and *Senator Jeff Flake* have said they have major concerns about the deficit impacts of the bill. *Senator Ron Johnson* remains opposed to the bill, because the corporate tax cuts are permanent while those impacting small businesses like his own expire. While he is open to voting for the bill if it changes, the changes he wants are very expensive. *Senator John McCain* has said he is concerned the bill was not adopted following "regular order" in the Senate but is being jammed through on a partisan basis. He has not said how he will vote. *Senator Lisa Murkowski* has announced she is open to the removal of the ACA individual mandate. If the provisions for allowing oil and gas drilling in the Alaska Wildlife Refuge are included in the tax bill, it appears even more possible she may vote for the tax bill.

*The bill would cut corporate taxes to 20% from the current 35%. The bill would maintain the estate tax but would exempt nearly all from paying it. The cuts would be paid for by eliminating the deductibility of state and local income and sales taxes, among many other changes. The bill would raise taxes by 2021 on many lower-income and working people, especially those with incomes from $20-40,000. By 2023, fully 40% of those earning between $50-70,000 would have a tax increase.

*The bill would increase taxes on people in Democratic states and states with more robust state services. That is so because both bills would eliminate the deductibility of state and local income and sales and property taxes which would hit taxpayers in these states harder. They would also tax the increase in the increase in endowment fund value for many colleges, especially private schools that both cost more, but also use their funds to support aid for lower- and middle-income students.

*The bill will lead to dramatic cuts in domestic spending ($660 billion over a decade), even bigger cuts in entitlements (an estimated $1 trillion from Medicare and $500 billion from Medicaid, while increasing the deficit sharply by an estimated $2.2 trillion over 10 years). A 2010 law that automatically triggers cuts to Medicare when the deficit rises would result in a minimum of a $500 billion Medicare cut even without explicit congressional action. The cuts to spending take place when there are massive needs for increased public spending.

Our MoCs:

Senators Murray and Cantwell oppose a tax plan that gives to the rich and takes away from the middle class and the poor. Sen. Cantwell has specifically spoken against the elimination of state and local tax deductions.

To Do:

1. Call Senators Murray and Cantwell to oppose the Republican tax plan, cutting taxes on the rich and big corporations while eliminating tax exemptions for state and local income and sales taxes and raising taxes on 401(k) retirement account deposits. It will require massive cuts in domestic spending and entitlements including Medicare, Medicaid, and food stamps, all while sharply increasing the deficit.

2. Follow this guide from our OI site:

We have to make a ton of noise between now and when the Senate comes back in session on November 27.

We’re bringing back a super effective peer-to-peer calling tool from the TrumpCare fight so those from red states, blue states, and purple states alike can take action to stop this bill by reaching out to progressive constituents in three target states: Alaska, Arizona, and West Virginia. The calling tool will connect you to a constituent in a target state and give you a script to emphasize the devastating impact of this bill. Then, you’ll ask them to call their Senator on the spot.

This tool will help make the wave of constituent pressure we need to stop this bill once and for all.
Here’s how it works:

1. Sign up below to make phone calls from our peer-to-peer dialing tool. You’ll get an email confirmation with a login, password, and URL to sign into our system. Once signed in, you can start making calls immediately—and we’ll give you a script to make it as easy as possible!
2. Next, you’ll call a voter in a key state with a swing Republican Senator. These folks are your friends—they attended the Women’s March, they’re standing up to pass a #CleanDREAM, and/or fight for progressive causes.
3. You explain how they have power now. You’ll remind them why the continued fight against the Trump Tax Scam is so important—and why they have particular power in this moment.
4. You ask them to use their power. You’ll ask them to call their senator in opposition to the bill, and to share their own reasons for opposing it.
5. The tool connects them to their Senator’s office. The call tool will allow you to automatically patch them through to the Senators’ district offices.

Protect NET Neutrality

Summary: On December 14, 2017, the FCC will decide whether to reverse the current net neutrality rules. These rules provide an open and neutral internet that provides a fair and level playing field for all users of the internet.

Talking Points:

*Rules adopted by the FCC under Title II of the federal Communication Act prevents telecom companies such as Time Warner, Comcast, AT&T, Cox, and others, from discriminating against various types of web traffic.

*This discrimination takes the form of speeding up, slowing down, or blocking any content by an internet service provider (ISP) whenever it suits that ISP's business needs.

*This net neutrality was achieved after a decade-long battle over the right to a fair and open internet based on users' demands that all data be treated equally.

*Now, however, FCC Chair Ajit Pai, a former Verizon lawyer, wants to change the rules to replace the strong protection rules with so-called voluntary conditions that no ISP would comply with.

*If Chair Pai's plan is adopted, any ISP could slow down its competitors' content, or block political opinions it disagrees with, with impunity. Any ISP could also charge additional fees to companies who could afford preferential treatment.

*On the flip side, if communities did not have the money to pay ISP, their internet voices will eliminated or drown out. This is a particular problem with marginalized communities' media outlets.

To Do:

Click on: https://www.fcc.gov/ecfs/browse-popular-proceedings

Then click on "Express Reply" on proceeding 17-108.
Comment something to the effect: "I support Title Two net neutrality rules and I oppose the FCC's plan to repeal them. I'm urging FCC Chairman to abandon his current plan."

Protect the Temporary Protected Status of Haitians Immigrants

Summary: The Trump Administration has ordered that 59,000 Haitians with provisional legal residency leave the US within 18 months.

Talking Points:

*The Administration has decided not to review the Temporary Protected Status that has allowed the Haitians refugees residency in the US for the last seven years.

*This order comes after DHS determined that the extraordinary conditions justifying their presence in the United States following a 2010 earthquake no longer exist.

- The status for 200,000 Salvadorans, here since El Salvador was struck by a series of earthquakes in 2001, is due to expire in January.

Action steps:

a) Call our MoCs to ask them to oppose this inhumane DHS decision. Conditions on Haiti are far from "normal" and sending these tens of thousands of people back will only make them worse, not to mention the impact on their children born in the US since 2010. Ask our MoCs to also protect the Salvadorans who are here after the 2001 earthquake in El Salvador.

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Note: for email, some senators require inputting a zip code from their state

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