May 21, 2024

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Johnson, Minority Leader Jeffries, Chair Wyden, Ranking Member Crapo, Chair Smith, and Ranking Member Neal:

In 2025, we urge you to enact true pro-growth tax reform that supports public investments, brings good jobs back from overseas, combats harmful concentrations of economic power, reduces poverty and racial disparities, improves health, and directly mitigates the economic risks of climate change and an unsustainable fiscal trajectory.

The pre-2017 tax code was deeply flawed: it did not generate enough revenue to support pro-growth investments and fiscal responsibility; it reinforced economic, gender, and racial disparities; and it asked too little of the very wealthy and large corporations. In 2017, President Donald Trump and congressional Republicans pushed through a tax bill that made those problems worse. Over the unanimous opposition of congressional Democrats and against the wishes of the majority of the public, the Trump tax bill – the Tax Cuts and Jobs Act (TCJA) – made massive and permanent cuts to corporate taxes and temporary cuts to individual and estate taxes that have largely benefitted the wealthy and eroded tax revenues even further.

At the end of 2025, several provisions of the Trump tax law will expire. **We urge you to use the expiration of these provisions as an opportunity to address long-standing problems with our tax code, not just to tinker around the edges.** Congress should pursue reforms – including corporate tax reforms – that stem the decades-long tide of tax cuts for the rich and corporations that have undermined fairness, eroded revenues needed for pro-growth investments, and stifled economic opportunity.

Specifically, we believe that any 2025 tax reform effort must, at a minimum, achieve three concrete goals:
• Make the tax code more fair by asking high-income households (those who take home more than $400,000), the extremely wealthy, large profitable corporations, and Wall Street to pay a greater share of their income in taxes than if each of the expiring TCJA provisions were simply allowed to expire, while also restoring essential supports for children and families with low or moderate income or wealth and families who’ve experienced discrimination.

• Raise more revenue than would be generated by letting all of the temporary TCJA provisions sunset, so that we can support much-needed investments in everyday Americans; make good on our commitments to our seniors, families, and historically underfunded communities; and reduce our fiscal risks.

• Support greater and more inclusive economic growth by providing more financial security and opportunities for typical Americans, narrowing racial wealth gaps by boosting economic mobility, and disincentivizing economically harmful conduct by large corporations.

To begin, the latest analysis confirms that the Trump tax bill was a failure on its own terms. The Trump Administration claimed that the TCJA’s corporate tax cuts would lead to significantly higher wages for typical workers, but in reality, workers who earned less than $114,000 – the overwhelming majority of Americans – did not experience any increase in earnings from the TCJA while the compensation of top corporate executives skyrocketed. TCJA supporters also claimed the tax cuts would “pay for themselves,” but instead the Congressional Budget Office projects that they will increase deficits by nearly $2 trillion over a 10-year period.

The Trump tax bill was a large and costly mistake, and the expiration of many of its key provisions presents an opportunity for Congress to do better for the American people in 2025. The 2025 reform effort should accomplish three goals:

First, any 2025 tax reform effort must require the rich and large corporations to begin paying their fair share—meaning they pay a higher effective tax rate than they would have had had the TCJA not been enacted—while also restoring essential support for children and families with low or moderate income or wealth and families who’ve experienced discrimination.

Over the last sixty years, the very richest Americans have lobbied for and received a dramatic reduction in their tax rates. The richest Americans today pay a far lower average tax rate than they did in decades past. A tax code that allows many wealthy individuals to pay a lower proportion of their income in tax than teachers or firefighters is fundamentally unfair.

Tax reform must result in a more progressive tax code that asks higher-income and higher-wealth households, corporations, and Wall Street to pay a greater share of their income in tax than they would in the absence of the TCJA. It must ensure that Wall Street and other highly profitable firms cannot masquerade as mom-and-pop small businesses to lower their taxes. Reform must also ensure that large firms cannot exploit the tax code to stifle competition and shift their profits, investments, and American jobs offshore. Finally, fairness means putting more money in the pockets of low-income and middle-class people—including through expanding tax credits—and not extending tax cuts or restoring tax breaks for those making over $400,000 per year.

Second, any 2025 tax reform must raise more revenue than would be generated by letting all of the temporary TCJA provisions sunset, so that we can support much-needed investments in everyday
Americans; make good on our commitments to our seniors, families, and historically underfunded communities; and reduce our fiscal risks.

Revenues have been repeatedly eroded by rounds of tax cuts under the Bush and Trump administrations. These cuts produced a tax code that generated just 16.5 percent of GDP in revenue in 2023, trillions of dollars lower than what would have been generated otherwise. Were it not for the Bush tax cuts and the Trump tax cuts, the national debt, as a percent of GDP, would also be on a permanent downward trajectory today.

We need a tax code that generates sufficient revenue to fund our national priorities while appropriately reducing fiscal risks. The pre-TCJA tax code was expected to generate roughly 18 percent of GDP, but even that level is ultimately below what is needed to ensure adequate investments in our children, reduce poverty, address racial and gender disparities, fulfill our commitments to America’s seniors, veterans, and people with disabilities—and support our continued growth and prosperity as a country. That is why the 2025 tax reform must generate substantially more revenue than simply letting all of the temporary provisions in the TCJA expire.

**Third, any 2025 tax reform effort should lead to greater, more sustainable, and more inclusive economic growth by providing more financial security and opportunities for typical Americans, narrowing racial wealth gaps by boosting economic mobility, and disincentivizing economically harmful conduct by large corporations.**

The Trump tax cuts relied on the economic argument that huge tax cuts for the rich and large corporations would trickle down to the typical American or produce a boom in economic growth. That trickle-down approach has unequivocally failed. Tax reform must reflect that America’s economy grows fastest from the bottom up and middle out, and that growth should not leave anyone behind.

True pro-growth tax reform next year must support public investments, combat harmful concentrations of economic power and the racial wealth gap, reduce poverty and racial and gender disparities, and directly mitigate the economic risks of climate change and an unsustainable fiscal trajectory. This strengthens our economy and expands opportunity for all.

Under the Biden Administration, we have seen that investments in everyday people are the real key to economic growth. Policies like investing in a robust care infrastructure facilitate economic growth as more workers – and women in particular – fully participate in the labor force and care workers see increases in pay and job quality. Expanding the Child Tax Credit plays a critical role in reducing family poverty, while climate investments build a more sustainable energy system that strengthens supply chains and cuts costs for families.

The tax code is one of our most powerful tools to shape the economy. For too long, it has been slanted towards the wealthy and large corporations, and the economy and our country have suffered as a result. The expiration of key provisions of the Trump tax bill in 2025 is a rare opportunity to correct the mistakes of the past, address long-standing problems with our tax code, and help produce an economy that works for all Americans.

Sincerely,
20/20 Vision
ACA Consumer Advocacy
Accountable.US
Affordable Homeownership Foundation Inc.
AFL-CIO
AFT
Alliance for Retired Americans
American Federation of Government Employees
American Federation of State, County and Municipal Employees (AFSCME)
American Postal Workers Union (APWU)
Americans for Tax Fairness
Autistic Self Advocacy Network
Blue Future
Care in Action
Caring Across Generations
Center for American Progress
Center for Popular Democracy
Center for the Study of Social Policy
Center on Budget and Policy Priorities
Change Machine
Chicago Political Economy Group
Children's Defense Fund
CLASP
Coalition on Human Needs
Color Of Change
Colorado Consumer Health Initiative
Communications Workers of America (CWA)
Community Catalyst
Community Change
Demos
Economic Policy Institute
Economic Security Project Action
Equal Rights Advocates
Fair Share America
Family Values at Work
Family Values@Work Action
Fast-Track Cities Institute
First Focus Campaign for Children
Foster America
Friends of the Earth
Golden State Opportunity
Greenpeace USA
Groundwork Collaborative
Health Care for America Now (HCAN)
Health Care Voices
HedgeClippers
In the Public Interest
Indivisible
Institute for Local Self-Reliance
Institute for Policy Studies, Global Economy Project
Institute for Women's Policy Research
Institute on Taxation and Economic Policy
Instituto del Desarrollo de la Juventud
International Federation of Professional and Technical Engineers (IFPTE)
Jewish Women International
Joint Center for Political and Economic Studies
Justice and Joy National Collaborative (formerly National Crittenton)
Justice in Aging
Latino Farmers & Ranchers International, Inc.
Main Street Alliance
#MEAction
Media Voices for Children
Missionary Oblates of Mary Immaculate
MomsRising
MoveOn
NAACP
National Black Justice Coalition
National Center for Lesbian Rights
National Center for Transgender Equality
National Community Action Partnership
National Consumers League
National Disability Institute
National Domestic Workers Alliance
National Education Association
National Employment Law Project
National Federation of Federal Employees
National Immigration Law Center
National Organization for Women
National Partnership for Women & Families
National Women's Law Center
NETWORK Lobby for Catholic Social Justice
Office and Professional Employees International Union (OPEIU)
Oxfam America
P Street
Patriotic Millionaires
People Power United
Peoples' Action
Poder Latinx
PolicyLink
Poverty Project at the Institute for Policy Studies
Public Advocacy for Kids (PAK)
Public Citizen
Responsible Wealth
Roosevelt Institute
RootsAction.org
SAG-AFTRA
SEIU
Sembrando Sentido
Small Business For America's Future
Social Work Grand Challenge on Reducing Extreme Economic Inequality
State Revenue Alliance
Take on Wall Street
The Leadership Conference on Civil and Human Rights
The Maven Collaborative
The National Domestic Violence Hotline
The Restaurant Opportunities Centers United (ROC UNITED)
Transgender Legal Defense & Education Fund (TLDEF)
Transport Workers Union of America
Unitarian Universalists for Social Justice
United Auto Workers
United Church of Christ
United for a Fair Economy
United Steelworkers (USW)
Unrig Our Economy
Voices for Progress
Voters Rights and Protection Taskforce
Washington Center for Equitable Growth