## United States Senate

WASHINGTON, DC 20510

May 26, 2023

Suzanne P. Clark President and Chief Executive Officer U.S. Chamber of Commerce 1615 H Street NW Washington, DC 20062

Dear Ms. Clark:

We write regarding ongoing efforts by the U.S. Chamber of Commerce (the Chamber) and Republicans in the U.S. House of Representatives to extend the 2017 tax cuts for the wealthy and large corporations, even in the midst of supposed concerns about U.S. government debt. The Republican *Tax Cuts and Jobs Act* (TCJA) increased the deficit by \$1.9 trillion in order to pay for tax cuts that overwhelmingly benefit the richest individuals and corporations.<sup>1</sup> Now, while they pretend to care about fiscal responsibility, House Republicans are using the debt ceiling to hold the U.S. economy hostage and demand massive cuts to critical programs relied on by millions of hardworking Americans. At the same time, these Republicans plan to turn around and introduce a tax package next month that will reportedly include proposals to extend TCJA tax giveaways, which could add a staggering additional \$3.5 trillion to the deficit.

Meanwhile, the Chamber continues to lobby for these outrageous tax breaks for its giant corporate members, while also – in the words of your own chief policy officer – "cheerleading" for House Republicans and their radical debt ceiling hostage demands.<sup>2</sup> We write with a series of questions about how the Chamber justifies supporting the Republican agenda of continued tax cuts for the wealthy, while cheerleading for threats to impose a default and austerity for everyone else.

Republicans in Washington have manufactured the current debt ceiling crisis – by passing trillions on tax cuts for the wealthy when they were in charge and then by threatening to let the U.S. government default on these debts we already owe. U.S. Representative Matt Gaetz just said it explicitly: House Republicans are treating the U.S. economy as "our hostage."<sup>3</sup> Their radical demands include cutting almost every government program that Americans rely on by at least 22% and kicking millions of the poorest Americans off Medicaid, food stamps, and income assistance by applying work requirements that are ineffective at promoting employment but

<sup>&</sup>lt;sup>1</sup> Congressional Budget Office, "The Budget and Economic Outlook: 2018 to 2028," April 8, 2018, pg. 129, <u>https://www.cbo.gov/system/files/2019-04/53651-outlook-2.pdf;</u> Center for American Progress, "The TCJA 2 Years Later: Corporations, Not Workers, Are the Big Winners," Galen Hendricks and Seth Hanlon, December 19, 2019, <u>https://www.americanprogress.org/article/tcja-2-years-later-corporations-not-workers-big-winners/</u>.

<sup>&</sup>lt;sup>2</sup> Politico, "McCarthy's office has not met with Chamber during debt ceiling fight," Hailey Fuchs, May 24, 2023, <u>https://www.politico.com/news/2023/05/24/top-biz-lobby-has-not-met-with-mccarthy-during-debt-ceiling-fight-00098567</u>.

<sup>&</sup>lt;sup>3</sup> Tweet by Joseph Zeballos-Roig, May 23, 2023, <u>https://twitter.com/josephzeballos/status/1661080044498812928</u>.

effective as onerous red tape.<sup>4</sup> The default that House Republicans are threatening to trigger would be disastrous, as would enactment of their alternative proposals, which would push 780,000 Americans out of work and push our economy towards a recession.<sup>5</sup>

While the Chamber has agreed that a first-ever U.S. government default "would be catastrophic for the U.S. economy,"<sup>6</sup> it nonetheless continues to cheerlead House Republicans' dangerous threat to trigger one.<sup>7</sup> Politico reported this week that the Chamber's chief policy advisor, Neil Bradley, has stated that he and other Chamber lobbyists have not met with Speaker Kevin McCarthy because such a meeting would just be a "cheerleading session" and Bradley is "not worried about wasting his time to come in and say, 'look how much I agree with you."<sup>8</sup> Instead of pressing the Speaker to drop his radical demands and pass a clean debt limit increase, Bradley noted that the Chamber has pressed the White House to come to a bipartisan agreement with McCarthy.<sup>9</sup> Indeed, Bradley noted that the Chamber is aligned with House Republicans on their debt ceiling demands, including on spending caps, work requirements, and energy permitting.<sup>10</sup> These comments shed light on the letter that Bradley recently sent President Biden, which dismissed the constitutional issues raised by the debt limit in a clear attempt to support House Republican demands.<sup>11</sup>

This is outrageous. The majority of Americans agree: any serious conversations about reducing the deficit must start with asking the wealthiest individuals and biggest corporations to pay their fair share,<sup>12</sup> not inflicting pain on hardworking Americans. However, House Republicans at every turn have rejected President Biden's popular proposals to raise revenue by closing tax loopholes exploited by the ultra-rich,<sup>13</sup> and even have included as one of their debt ceiling

https://www.whitehouse.gov/omb/briefing-room/2023/04/20/congressional-republicans-legislation-22-cuts-thatwould-harm-american-families-seniors-and-veterans/; The White House, "STATE FACT SHEETS: House Republicans' Appropriations Bills Would Have Devastating Impacts Across America," May 23, 2023, https://www.whitehouse.gov/omb/briefing-room/2023/05/23/state-fact-sheets-house-republicans-appropriationsbills-would-have-devastating-impacts-across-america/; Center for American Progress, "Work Requirements Are Expensive for the Government To Administer and Don't Lead To More Employment," Lily Roberts, April 25, 2023, https://www.americanprogress.org/article/work-requirements-are-expensive-for-the-government-to-administer-anddont-lead-to-more-employment/.

<sup>5</sup> Moody's Analytics, "The Debt Limit Drama Heats Up," Mark Zandi and Bernard Yaros, April 2023, <u>https://www.moodysanalytics.com/-/media/article/2023/debt-limit-drama.pdf</u>.

<sup>&</sup>lt;sup>4</sup> The White House, "Congressional Republicans' Legislation: 22% Cuts That Would Harm American Families, Seniors and Veterans," Shalanda Young, April 20, 2023,

<sup>&</sup>lt;sup>6</sup> U.S. Chamber of Commerce, "The Dire Consequences of a U.S. Debt Default," Neil Bradley, May 23, 2023, <u>https://www.uschamber.com/economy/what-is-the-debt-ceiling-and-why-does-it-matter</u>.

<sup>&</sup>lt;sup>7</sup> Politico, "McCarthy's office has not met with Chamber during debt ceiling fight," Hailey Fuchs, May 24, 2023, <u>https://www.politico.com/news/2023/05/24/top-biz-lobby-has-not-met-with-mccarthy-during-debt-ceiling-fight-00098567</u>.

<sup>&</sup>lt;sup>8</sup> Id.

<sup>&</sup>lt;sup>9</sup> *Id.* 

<sup>&</sup>lt;sup>10</sup> Id.

<sup>&</sup>lt;sup>11</sup> U.S. Chamber of Commerce, "U.S. Chamber Letter on the 14th Amendment and the Debt Limit," May 19, 2023, <u>https://www.uschamber.com/economy/u-s-chamber-letter-on-the-14th-amendment-and-the-debt-limit</u>.

<sup>&</sup>lt;sup>12</sup> Hart Research, "Voter Support for Progressive Tax Messaging, Policies," April 10, 2023,

https://drive.google.com/file/d/151MbSvuN\_fHklIX7rGgjscYAfBJGbQ0F/view.

<sup>&</sup>lt;sup>13</sup> The Guardian, "US lawmakers blame each other for debt ceiling standoff: 'They are not negotiating'," Joan E. Greve, May 24, 2023, <u>https://www.theguardian.com/us-news/2023/may/24/mccarthy-biden-debt-ceiling-nearing-deadline</u>.

demands repealing funding for the Internal Revenue Service to track down wealthy tax cheats. This repeal would result in as much as \$1 trillion in increased tax evasion.<sup>14</sup>

Worse, House Republicans continue to advance more deficit-busting tax breaks for the wealthy and corporations – with the Chamber's support, including a potential multi-trillion-dollar tax break package as soon as early June.<sup>15</sup> Politico reported this week that the Republican tax package will likely<sup>16</sup> include:

- cutting the top personal income tax rate for the highest-income individuals married couples making over \$600,000 and individuals making more than \$500,000 in a single year;<sup>17</sup>
- doubling the amount of wealth that multi-millionaires and billionaires can pass on to their heirs tax-free from \$11 million per couple in 2017 to over \$25 million today;<sup>18</sup>
- allowing big businesses to claim massive "bonus depreciation" tax breaks for investments they would already have made.<sup>19</sup>

This would bring the total cost of these Republican tax cuts to over \$5.4 trillion over 15 years. Republicans spent \$1.9 trillion on the first 10 years of TCJA tax cuts<sup>20</sup> – with the richest 20% of Americans getting 72% of the benefits, and the richest 1% alone getting 27% of the benefits.<sup>21</sup> If not for those Trump tax cuts, along with the Bush tax cuts and their extensions, U.S. debt would actually be declining as a share of GDP.<sup>22</sup> Now, Republican proposals to make temporary TCJA tax giveaways permanent would add an additional \$3.5 trillion to the deficit over the next 10

<sup>&</sup>lt;sup>14</sup> Congressional Budget Office, "CBO's Estimate of the Budgetary Effects of H.R. 2811, the Limit, Save, Grow Act of 2023," <u>https://www.cbo.gov/system/files/2023-04/59102-Arrington-Letter\_LSG%20Act\_4-25-2023.pdf;</u> Social Science Research Network, "The Inflation Reduction Act's Impact on Tax Compliance—and Fiscal Sustainability," Natasha Sarin and Mark Mazur, May 15, 2023, <u>https://papers.ssrn.com/sol3/papers.cfm?</u> abstract\_id=4449161.

<sup>&</sup>lt;sup>15</sup> PoliticoPro, "Jason Smith wants tax reform by his birthday," Politico Morning Tax, Benjamin Guggenheim, May 23, 2023, <u>https://subscriber.politicopro.com/newsletter/2023/05/jason-smith-wants-tax-reform-by-his-birthday-00098265;</u> Roll Call, "House GOP readying economic package with business tax breaks," Laura Weiss, April 26, 2023, <u>https://rollcall.com/2023/04/26/house-gop-readying-economic-package-with-business-tax-breaks/</u>.

<sup>&</sup>lt;sup>16</sup> PoliticoPro, "Jason Smith wants tax reform by his birthday," Politico Morning Tax, Benjamin Guggenheim, May 23, 2023, <u>https://subscriber.politicopro.com/newsletter/2023/05/jason-smith-wants-tax-reform-by-his-birthday-00098265</u>.

 <sup>&</sup>lt;sup>17</sup> Center for American Progress, "Biden Tax Proposals Would Correct Inequities Created by Trump Tax Cuts and Raise Additional Revenues," Jean Ross, April 14, 2023, <u>https://www.americanprogress.org/article/biden-tax-proposals-would-correct-inequities-created-by-trump-tax-cuts-and-raise-additional-revenues</u>.
<sup>18</sup> Id.

<sup>&</sup>lt;sup>19</sup> Institute on Taxation and Economic Policy, "Twenty-Three Corporations Saved \$50 Billion So Far Under Trump Tax Law's "Bonus Depreciation" that Many Lawmakers Want to Extend," Steve Wamhoff and Matt Gardner, November 10, 2022, <u>https://itep.org/corporations-saved-billions-under-trump-tax-law-bonus-depreciation-that-lawmakers-want-to-extend/</u>.

<sup>&</sup>lt;sup>20</sup> Congressional Budget Office, "The Budget and Economic Outlook: 2018 to 2028," April 8, 2018, pg. 129, https://www.cbo.gov/system/files/2019-04/53651-outlook-2.pdf.

<sup>&</sup>lt;sup>21</sup> Institute on Taxation and Economic Policy, "TCJA by the Numbers, 2020," August 28, 2019, <u>https://itep.org/tcja-2020/</u>.

<sup>&</sup>lt;sup>22</sup> Center for American Progress, "Tax Cuts Are Primarily Responsible for the Increasing Debt Ratio," Bobby Kogan, May 27, 2023, <u>https://www.americanprogress.org/article/tax-cuts-are-primarily-responsible-for-the-increasing-debt-ratio/</u>.

years, according to a new estimate by the Congressional Budget Office.<sup>23</sup> Once again, the richest 20% would receive nearly two-thirds of the tax cuts and the richest 5% nearly 40%.<sup>24</sup>

As Politico reports, "Republicans don't seem all that concerned for now about a quick turnaround between a deficit-cutting deal and a potentially deficit-busting tax package."<sup>25</sup> Indeed, the House Ways and Means Committee Chairman Jason Smith is reportedly in a rush to finalize this tax giveaway by his birthday, June 16.<sup>26</sup>

The Chamber appears to be fully in support of this shameless hypocrisy. Even as you cheer Congressional Republicans' demands for deep cuts to critical programs that Americans rely on, you also continue to support Republican proposals to extend TJCA tax cuts for its giant corporate members.<sup>27</sup> Of course, the Chamber also spent millions in 2017 in order to pass TCJA in the first place.<sup>28</sup>

The American people deserve to understand why you are supporting even more deficit-busting tax giveaways for giant corporations, while also cheerleading Republican demands to inflict painful, job-killing austerity on everyone else in a pretense of "fiscal responsibility." We urge you to reverse course and request that you answer the following questions by June 2, 2023:

- 1. How much have you spent on lobbying for business tax breaks in 2023?
- 2. What discussions have you had in the past year on further business tax breaks with House Ways and Means Republicans?
- 3. Would a default be a positive development for "business growth and America's success"?<sup>29</sup>

23, 2023, <u>https://subscriber.politicopro.com/newsletter/2023/05/jason-smith-wants</u>
<u>00098265</u>.
<sup>26</sup> Id.

 <sup>&</sup>lt;sup>23</sup> Congressional Budget Office, "Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues," May 2023, pg. 5, <u>https://www.cbo.gov/system/files/2023-05/59154-Budgetary-Outcomes.pdf</u>.
<sup>24</sup> Institute on Taxation and Economic Policy, "Extending Temporary Provisions of the 2017 Trump Tax Law: National and State-by-State Estimates," Steve Wamhoff, Joe Hughes, and Mark Gardner, May 4, 2023, <u>https://itep.org/extending-temporary-provisions-of-the-2017-trump-tax-law-national-and-state-by-state-estimates/</u>.
<sup>25</sup> PoliticoPro, "Jason Smith wants tax reform by his birthday," Politico Morning Tax, Benjamin Guggenheim, May 23, 2023, <u>https://subscriber.politicopro.com/newsletter/2023/05/jason-smith-wants-tax-reform-by-his-birthday-</u>

<sup>&</sup>lt;sup>27</sup> U.S. Chamber of Commerce, "U.S. Chamber Letter on S. 866, the 'American Innovation and Jobs Act,' and H.R. 2673, the 'American Innovation and R&D Competitiveness Act,'" May 15, 2023,

https://www.uschamber.com/taxes/u-s-chamber-letter-on-r-d-tax-legislation; U.S. Chamber of Commerce, "H.R. 6760, 'Protecting Family and Small Business Tax Cuts Act of 2018," September 25, 2018,

https://www.uschamber.com/taxes/https-www-uschamber-com-letter-hr-6760-protecting-family-and-smallbusiness-tax-cuts-act-of-2018; U.S. Chamber of Commerce, "U.S. Chamber Lette ron the Main Street Tax Certainty Act," March 7, 2021, <u>https://www.uschamber.com/taxes/us-chamber-letter-the-main-street-tax-certainty-act;</u> U.S. Chamber of Commerce, "Congress Has an Opportunity to Stop a Trio of Stealth Tax Increases on American Businesses—It Should Seize It," Watson M. McLeish and Curtis Dubay, November 21, 2022, https://www.uschamber.com/taxes/congress-has-an-opportunity-to-stop-a-trio-of-stealth-tax-increases-on-american-

https://www.uschamber.com/taxes/congress-has-an-opportunity-to-stop-a-trio-of-stealth-tax-increases-on-americanbusinesses-it-should-seize-it.

<sup>&</sup>lt;sup>28</sup> The Washington Post, "U.S. Chamber of Commerce vows to hold Congress accountable on tax reform," Heath Long, August 28, 2017, <u>https://www.washingtonpost.com/news/wonk/wp/2017/08/28/u-s-chamber-of-commerce-vows-to-hold-congress-accountable-on-tax-reform/</u>.

<sup>&</sup>lt;sup>29</sup> U.S. Chamber of Commerce, "About Us," <u>https://www.uschamber.com/about</u>.

4. Would a recession caused by Republican demands to make massive cuts for programs for working families in exchange for extending the debt ceiling be a positive development for "business growth and America's success"?<sup>30</sup>

Sincerely,

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Elizabeth Warren United States Senator

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Sheldon Whitehouse United States Senator

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Edward J. Markey United States Senator