

Ultra-Millionaire Tax Act of 2021

Senator Elizabeth Warren, Congresswoman Pramila Jayapal, and Congressman Brendan Boyle

While millions of families are struggling, billionaires have watched their fortunes skyrocket. For too long, the ultra-rich, corporations, and their lobbyists have used their influence to rig the system in their favor – corroding our democracy and hollowing out the middle class. The consequence is an extreme concentration of wealth not seen in any other major economy.

According to an analysis from economists Emmanuel Saez and Gabriel Zucman, the richest top 0.1% has seen its share of American wealth nearly triple from 7% to 20% between the late 1970s and 2019, while the bottom 90% has seen its share of wealth plummet from about 35% to 25%. As a result, the richest 0.1% Americans now hold nearly as much wealth as the bottom 90% of families combined. In fact, the 400 richest Americans own more wealth than all Black households plus a quarter of Latino households combined.

Our tax code is not designed to address this problem. By focusing on incomes, the tax system largely misses the massive amount of wealth this tiny sliver of ultra-rich families has accumulated. In fact, when judged against wealth, our tax system asks the rich to pay a lot less than everyone else. According to Saez and Zucman, families in the bottom 99% owed 7.2% of their wealth in federal, state, and local taxes in 2019, while the top 0.1% owed just 3.2%. Coronavirus and the economic crisis that followed have only made the wealth gap worse. Billionaire wealth is now \$4.2 trillion, 40 percent higher than before the COVID crisis began.

The Ultra-Millionaire Tax Act would level the playing field and narrow the racial wealth gap by asking the wealthiest 100,000 households in America, or the top 0.05%, to pay their fair share. This would bring in at least \$3 trillion in revenue over 10 years – without raising taxes on the 99.95% of American households that have net worth below \$50 million.

The bill would create a fairer economy through:

- 2% annual tax on net worth of households and trusts between \$50 million and \$1 billion
- 1% annual surtax (3% tax overall) on net worth of households and trusts above \$1 billion

The Ultra-Millionaire Tax(UMT) includes robust anti-evasion and avoidance measures, including:

- A \$100 billion investment to rebuild and strengthen the IRS, ensuring the agency has the resources to hire and train additional personnel, modernize IT systems, and implement the new asset valuation, reporting, and enforcement requirements for the UMT
- A 30% minimum audit rate for taxpayers subject to the UMT
- A 40% “exit tax” on the net worth above \$50 million of any U.S. citizen who renounces their citizenship
- New tools to determine the value of hard-to-value assets, enabling the IRS to tighten and expand upon existing valuation rules
- Systematic third-party reporting to build on existing tax information exchange agreements adopted after the Foreign Account Tax Compliance Act, and penalties for underpayment

The Ultra-Millionaire Tax Act has been endorsed by: Action Center on Race and the Economy, AFL-CIO, AFSCME, Americans for Financial Reform, Americans for Tax Fairness, Center for Law and Social Policy, Climate Hawks Vote, Communications Workers of America, Data for Progress, Democracy for America, Jobs with Justice, Justice Democrats, Indivisible, Institute for Policy Studies – Program on Inequality, Liberation in a Generation, National Domestic Workers Alliance, People’s Action, Progressive Change Campaign Committee, Public Citizen, SEIU, Sunrise Movement, Take on Wall Street, Tax March, Unemployed Workers United, UNITE HERE, United for Respect, Working Families Party, Health Care for America Now.