

September 9<sup>th</sup>, 2021

**AMERICANS  
*for* TAX REFORM**



**THE CLUB FOR  
*GROWTH***



**HERITAGE  
ACTION  
FOR AMERICA**



Dear Chairman Neal, Ranking Member Brady, and Members of the Ways and Means Committee:

**As your committee begins marking up the \$3.5 trillion reckless tax-and spend reconciliation proposal, we write in opposition to any effort to raise taxes on American families and businesses.**

It is expected that the reconciliation legislation will include countless tax increases totaling trillions of dollars. Some of the tax increases that have been publicly floated include:

- Raising the corporate tax rate to 25 percent or 28 percent, a rate higher than Communist China
- Doubling the capital gains tax to 43.4 percent
- Raising the top rate to 39.6 percent
- Creating a second death tax by eliminating step-up-in basis
- 95 percent excise tax on pharmaceutical manufacturers if they fail to accept government set price controls
- Repealing the deduction for foreign-derived intangible income
- Raising taxes on carried interest capital gains
- Raising the tax rate on GILTI to a top rate of 26.25 percent and requiring it to be calculated on a country-by-country basis
- Imposing a 15 percent minimum tax on book income
- Retroactively capping the conservation easement deduction
- Repealing numerous oil and gas tax provisions including the deduction for intangible drilling costs (IDCs)
- A tax on American energy manufacturers based on their methane production
- A carbon border tax
- Capping Section 1031 like-kind exchanges

Supporters of the \$3.5 trillion reconciliation bill, like self-avowed socialist Bernie Sanders claim that the tax



increases will be paid by billionaires “who don't pay a nickel in federal income taxes ... (and) large corporations that make billions in profit, and in some years do not pay a penny in federal income taxes.”

This claim is false. Millions of small businesses will see higher taxes through the increase in the corporate tax and the top marginal income tax rate. In addition, the plan to repeal step-up in basis will raise taxes on family-owned businesses across the country.

Democrats have also floated retroactive tax increases on the American people. For instance, the Biden budget calls for retroactively increasing the capital gains tax. This is a terrible idea – retroactive tax policy changes the rules on taxpayers after the fact. It is fundamentally unfair and erodes confidence in the tax system.

Many of the tax hikes being pushed by the administration violate President Biden’s pledge not to raise taxes on any American earning less than \$400,000 per year. A recent analysis by the left-of-center Tax Policy Center found that the tax hikes proposed in President Biden’s budget will raise taxes on 74.1 percent of middle income-quintile households in 2022. In addition, a report by the Joint Committee on Taxation found that over the long-term, approximately \$100 billion of the corporate tax increase would be borne by taxpayers making less than \$100,000.

**Now is one of the worst times to raise taxes on American families and businesses.** We are still over five million jobs short of pre-pandemic levels. In addition, inflation is running rampant and increasing prices for families and businesses across the country.

Rather than pushing tax increases on American families and businesses, we urge you to push policies that promote economic growth so that the economy can recover and grow.

Sincerely,  
Grover Norquist  
President, Americans for Tax Reform



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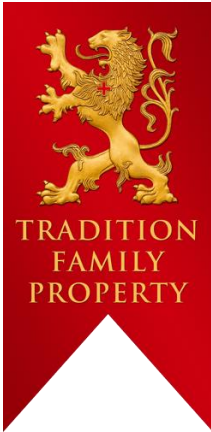
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