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## **New Poll: Americans Want to Close Tax Loopholes Benefiting the Rich and Corporations in Next Congressional Budget Deal**

### ***Survey Shows Little Appetite for a Spending Cuts-Only Approach***

[Americans for Tax Fairness](#) on Tuesday [released the results of a new poll](#) on taxes and spending that will help define the issues in the upcoming second round of federal budget negotiations, including what to do about the new \$110 billion in automatic spending cuts mandated by the sequester in 2014. The poll was conducted by Hart Research Associates, a top national polling firm that regularly conducts polling for NBC News and *The Wall Street Journal*.

The poll, which surveyed 1,009 2012 voters and had a margin of error is  $\pm 3.1$  percentage points, has several striking findings:

- 1) Americans have little desire for an all-cuts approach to deficit reduction. By a 17-point margin, voters want the next budget agreement to include new tax revenue from the wealthy and corporations, in addition to spending cuts (56 percent agree), rather than a budget that features only spending cuts with no increase in taxes on anyone (39 percent).
- 2) By a 2-to-1 margin (53 percent to 27 percent), the public favors reducing by half the \$110 billion in automatic spending cuts in 2014 and replacing those cuts with new revenue from the wealthy and corporations. Strikingly, by 50 percent to 34 percent the public supports a proposal to cancel the spending cuts entirely and replace them with new tax revenue from the wealthy and corporations.
- 3) Americans are assigning Congress a “dual mandate” in this round of budget negotiations: strengthen the economy and reduce the deficit. By an overwhelming 40-point margin (68 percent to 28 percent), they say Congress should “focus on strengthening the economy and creating jobs, while also tackling our deficit responsibly,” rather than simply “getting our budget deficit under control and bringing down the national debt.”

Overall, public opinion supports Congress taking a balanced approach to the next round of budget negotiations – lowering spending somewhat to reduce the deficit while raising new revenue by closing corporate tax loopholes and ending tax breaks for the wealthy. A similar position recently was outlined in a *Washington Post* [op-ed by Sen. Patty Murray](#) (D-Wash.), chairman of the Senate Budget Committee. Sen. Murray also co-chairs a special bipartisan House-Senate conference committee charged with hammering out a budget agreement by Dec. 13, which would then go to both chambers for approval.

The timing of the poll is critical. Congress has only until Jan. 15 to resolve its differences over the budget before legislators must pass another bill to continue funding the federal government next year and pass another increase in the debt ceiling.

*It is a particularly important time to write about this issue in order to help the public understand what is at stake in this debate.* Powerful forces in Washington are pushing budget priorities that the poll demonstrates are deeply unpopular with the American people. For instance, some are calling for cuts to Social Security and Medicare to offset sequester cuts. But the poll shows that just 22 percent favor such a proposal.

Separate from the budget debate, [corporate lobbyists are swarming Capitol Hill](#) to convince legislators to reduce the corporate income tax rate by nearly one-third – dropping it from 35 percent to 25 percent. They are demanding “revenue neutral” reform – that any savings achieved by closing tax loopholes should be used to lower income tax rates. The poll shows that the public has almost no interest in this approach. Instead, **by a 9-to-1 ratio (82 percent to 9 percent)**, the public says “Revenue from legislation that closes corporate tax loopholes and limits deductions for the wealthy should be spent to reduce the budget deficit and make new investments instead of reducing tax rates on corporations and the wealthy.”

Sen. Max Baucus (D-Mont.), chairman of the Senate Finance Committee, says he will [release draft legislation](#) in the next two weeks to overhaul the tax code, beginning with corporate tax reform. Rep. Dave Camp (R-Mich.), chairman of the House Ways and Means Committee, is also preparing draft legislation. Both plans are likely to include measures that the public strongly opposes, but the public is largely unaware that these developments are even taking place.

But if they could communicate with their representatives, this is what the poll predicts they would say:

- **79 percent** favor closing “tax loopholes to ensure that American corporations pay as much on foreign profits as on profits generated in the United States.”
- **71 percent** support the “Buffett rule, which sets a minimum income tax rate of 30 percent for millionaires to ensure they do not pay a lower tax rate than the middle class.”
- **69 percent** support ending “tax loopholes for corporate meals and entertainment.”
- **68 percent** favor eliminating the carried interest “loophole that allows Wall Street hedge-fund managers to pay a lower tax rate than middle-class taxpayers.”
- **62 percent** support closing “loopholes that allow corporations and wealthy individuals to avoid paying U.S. taxes by shifting income to offshore tax havens.”
- **62 percent** approve of eliminating “special tax breaks for oil and gas companies.”

*Based on this poll, two proposals in Congress would have the support of a strong majority of Americans – one by Sen. Murray and another by Sen. Carl Levin (D-Mich.).*

## **SEN. MURRAY’S PROPOSAL TO CLOSE TAX LOOPHOLES AND LESSEN THE IMPACT OF SEQUESTER CUTS**

A grand bargain is not under consideration in the House-Senate budget conference. The negotiations are about the extent to which sequester cuts should be modified, the time period (one or two years, with mandated cuts ranging from \$110 billion to \$220 billion), and whether revenue will replace some of the cuts. Republicans have drawn a line in the sand against any new revenue. Sen. Murray and Senate

Democrats are looking to replace 50 percent of the sequester cuts with new revenue – a balanced proposal that has strong support with the public, as evidenced by the Hart Research poll.

Sen. Murray provides in her *Washington Post* [op-ed](#) two examples of wasteful loopholes that could be eliminated in a budget deal, which would raise \$130 billion over 10 years. One is to eliminate the tax breaks corporations get for paying CEOs incentive-based compensation like stock options and bonuses instead of salary. Murray argues that “closing this loophole would save as much as \$50 billion over 10 years.”

Her second proposal is to eliminate the “check the box” loophole that “allows major multinational corporations to hide subsidiaries and profits from the Internal Revenue Service by marking a box on their tax forms.” It would raise \$80 billion over 10 years. This was one of the loopholes that allowed Apple to avoid paying taxes on \$74 billion in offshore income over four years, according to the [Senate Permanent Subcommittee on Investigations](#).

Many advocacy groups, including Americans for Tax Fairness, believe all of the sequester cuts over the next two years should be replaced by closing tax loopholes, because President Obama and Congress have already [cut \\$1.8 trillion in spending \(including interest\) and raised just \\$600 billion in new tax revenues](#). That’s \$3 in cuts for every \$1 in new revenue, a ratio neither balanced nor fair. Meanwhile, corporations have not contributed a dime to reduce the deficit and no corporate tax loopholes have been closed.

For these reasons, the Murray proposal for replacing up to half the sequester by closing tax loopholes benefiting the rich and corporations deserves strong and vocal support.

## **SEN. LEVIN’S STOP TAX HAVEN ABUSE ACT**

In September, Sen. Levin introduced the [Stop Tax Haven Abuse Act](#), which would close the most egregious corporate tax loopholes used by multinational corporations to shield offshore profits from taxation. [It would raise \\$220 billion over 10 years](#), according to Congress’s Joint Committee on Taxation. This revenue could make it possible to limit further devastating cuts to essential services and help reduce the deficit. The legislation also would level the playing field for smaller businesses that, in Sen. Levin’s words, “can’t hire legions of lawyers and experts to help figure out how to avoid paying taxes.”

Organizations working in the public interest and representing tens of millions of Americans have expressed their strong support for the Stop Tax Haven Abuse Act. Recently, [538 national and state organizations wrote a letter to members of the U.S. Senate](#) urging them to co-sponsor the bill. (View the letter to see signers from your state.)

Sens. Mark Begich (D-Ark.), Jeanne Shaheen (D-N.H.) and Sheldon Whitehouse (D-R.I.) are original cosponsors of the Levin bill. Sen. Levin has particular credibility on the tax haven issue because for years he has chaired the Senate Permanent Subcommittee on Investigations, where he has conducted numerous investigations of U.S. companies avoiding paying their fair share of taxes by using offshore tax havens – from Apple to Microsoft to Hewlett-Packard.

Moderate legislators of both parties have expressed strong support for closing corporate tax loopholes and for clamping down on the use of corporate tax havens. The Levin bill gives them an opportunity to

get off the fence and take a stand, and not just make general statements about the need to close loopholes. Therefore, should you write an opinion piece we urge you to recommend support of the Stop Tax Haven Abuse Act.

## CONCLUSION

*You could do a considerable public service by drawing attention to public opinion on the tax and budget debate, and by reinforcing the public's desire for a balanced approach to spending and revenue, specifically "a budget that closes corporate tax loopholes and limits tax breaks for the wealthy."*

Washington insiders are dominating the tone and the substance of the debate over taxes, spending and the federal government, and the public is aware of the issue primarily to the extent that the government was shut down and the nation nearly defaulted on its debt. But the debate that will occur in the next few weeks may result in policies that define budget priorities for years. In particular, is Congress willing to raise significant tax revenue by closing tax loopholes?

The public has spoken clearly through this [carefully conducted poll](#) of more than 1,000 voters by a highly reputable firm. It shows that the public has little appetite for a cuts-only approach in the upcoming budget deal; Americans prefer by a wide margin a budget agreement that includes new tax revenue from the wealthy and corporations, in addition to spending cuts.

Americans for Tax Fairness and its coalition of [325 member organizations](#) urges you to use your position as an opinion leader to help inform your readers about the current debate in Washington, the Murray approach to the budget debate and the Levin bill, as well as the critical fact that their voices need to be heard.

## OPINION PIECES

[No Replacement for Corporate Taxes](#) – *The New York Times*, May 30, 2013

[New Chance for a Budget Compromise](#) – *The New York Times*, Nov. 5, 2013

[Apple Slips Billions through Loopholes of U.S. Tax Laws](#) – *The Los Angeles Times*, May 22, 2013

[Legislation to Curb Foreign Tax Havens Would Bolster Budget](#) – *The Seattle Times*, Sept. 26, 2013

[Federal budget deal must tackle tax reform](#) – *The Portland Press Herald*, Oct. 19, 2013

[‘A’ Is for Avoidance](#) – *The New York Times*, May 25, 2013

[Closing Tax Loopholes Should be Part of the Budget Conference](#) – op-ed by Senator Patty Murray in *The Washington Post*, Nov. 8, 2013

## NEWS STORIES

[More tax lobbyists working Washington's hallways](#) – *Reuters*, May 15, 2013

[G.E.'s Strategies Let It Avoid Taxes Altogether](#) – *The New York Times*, March 24, 2011

[Corporations Couldn't Wait to 'Check the Box' on Huge Tax Break](#) – *Pro Publica*, Sept. 26, 2011

[From Google to FedEx – The Incredible Vanishing Subsidiary](#) – *The Wall Street Journal*, May 22, 2013

## **REPORTS BY AMERICANS FOR TAX FAIRNESS**

[Biggest Revenue Raisers in Sen. Levin’s Stop Tax Haven Abuse Act](#)

[Corporate Tax Dodgers: 10 Companies and Their Tax Loopholes](#)

[The High Price of Corporate Tax Loopholes](#)

[Key Facts about Tax Havens and Corporate Tax Reform](#)

[Highlights of Apple’s Tax Dodging](#)

[Highlights of Microsoft’s Tax Dodging](#)

*Americans for Tax Fairness is a diverse coalition of more than [325 national and state organizations](#) that collectively represent tens of millions of members. The organization was formed on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs. ATF is playing a central role in Washington and in the states on federal tax-reform issues.*