

February 7, 2013

Dear Senator/Representative:

As you consider ways to grow the economy and face tough debates on our nation's budget, the undersigned organizations strongly urge you to close offshore corporate tax loopholes. Measures such as the **Corporate Tax Fairness Act, introduced by Senator Bernie Sanders (I-VT) and Representative Jan Schakowsky (D-IL), would end the tax incentives for corporations to shift jobs overseas and stop companies from using accounting gimmicks to shift profits legitimately made in the United States to offshore tax havens.** Closing offshore tax loopholes has broad support from the American people – Congress needs to start listening and stop ignoring the facts.

Our economy hemorrhages both jobs and revenues every year because large multinational corporations ship them overseas. They take advantage of a tax system riddled with loopholes that America simply cannot afford to keep in place. Offshore tax loopholes are estimated to cost as much as \$1.5 trillion in lost revenue over the next ten years and have contributed to the loss of five million manufacturing jobs.¹

Policy solutions such as those in the **Corporate Tax Fairness Act** would not only raise nearly \$600 billion in revenues, but also would level the playing field for domestic businesses, both large and small, and keep jobs right here in the U.S. Additionally, by closing these corporate tax loopholes we send a message around the globe that corporate tax avoidance is unacceptable whether it be in the developing or developed world.

Our current system motivates corporations to shift as much of their profits as possible overseas by setting up subsidiaries in the Cayman Islands and other tax haven countries. It allows companies to receive huge tax breaks for establishing manufacturing facilities in countries with very low or no corporate tax rates. This legislation would end these harmful incentives by eliminating the loophole that lets companies defer paying taxes on profits they park offshore. Closing such tax loopholes would raise revenue and create jobs that millions of Americans need. The Joint Committee on Taxation has estimated in the past that the provisions in this bill will raise more than \$590 billion in revenue over the next decade.

The corporate share of federal revenue was just eight percent in 2011, having declined by more than 60 percent in the last 50 years.² Due to huge loopholes, accounting tricks, special-interest tax breaks, and often flagrant disregard for the law's intent, dozens of big corporations paid no federal income taxes in the last four years, including General Electric, Verizon and Boeing – while reaping billions of dollars in profits.³ Thirty Fortune 500 companies paid no federal income taxes in 2008-2010 while collectively earning almost \$160 billion in profits.⁴ Even while continuing the drumbeat call for reducing our corporate tax rate, in 2011, corporations paid just a 12 percent income tax rate.⁵

In a December 2012 national poll conducted by the Mellman Group and commissioned by Friends of the Earth U.S., American voters said they [overwhelmingly favor closing offshore tax havens](#) as a way of addressing our national budget problems. Support for this proposal was high across party and ideological lines, as well as gender, race, educational background, and region.

Respondents were asked: "To help solve our budget problems, do you favor or oppose closing loopholes that allow corporations to declare profits in foreign countries that have a lower tax rate?" Fully three-quarters (75%) of voters favored the proposal with nearly two-thirds (65%) favoring it strongly.

Tax loopholes allow too many large U.S. multinational companies to shift U.S. profits to offshore subsidiaries and use creative accounting to avoid paying taxes on income legitimately earned in the United States. Tax haven abuses benefit multinational corporations and Wall Street banks at the expense of Main Street businesses, rewarding those with the cleverest tax lawyers, rather than creating incentives for innovation and for investing in America.

Closing offshore tax loopholes will raise revenue to fund critical priorities, from rehiring laid off teachers to rebuilding our crumbling infrastructure. Those struggling to find work, keep their jobs, feed their families and retire with the benefits they've earned should not be asked to sacrifice more as corporations contribute so little.

As the President recently said, “Any spending cuts must be balanced with more reforms to our tax code. The wealthiest individuals and biggest corporations shouldn’t be able to take advantage of loopholes and deductions that aren’t available to most Americans.” The Corporate Tax Fairness Act would be a powerful solution, and we urge you to stand up for taxpayers by showing your support for this bill.

Sincerely,

The Financial Accountability and Corporate Transparency (FACT) Coalition
Alliance for a Just Society
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
American Federation of State, County and Municipal Employees (AFSCME)
American Sustainable Business Council
Center for Effective Government
Citizens for Tax Justice
Friends of the Earth U.S.
Jubilee USA Network
Main Street Alliance
National Women’s Law Center
New Rules for Global Finance
Service Employees International Union (SEIU)
U.S. Public Interest Research Group (PIRG)
Arizona PIRG
Colorado PIRG
Connecticut PIRG
Florida PIRG
Georgia PIRG
Iowa PIRG
Main Street Alliance of Oregon
Maine Small Business Coalition
Maryland PIRG
Massachusetts PIRG
Missouri PIRG
New Hampshire PIRG
New Jersey PIRG
New Mexico PIRG
North Carolina PIRG
Pennsylvania PIRG
PIRG in Michigan
Texas PIRG
Washington PIRG
Wisconsin PIRG

¹ Financial Accountability and Corporate Transparency Coalition, http://tjn-usa.org/storage/documents/FACT_Sheet_By_the_Numbers_Final1112nt.pdf.

² U.S. Office of Management and Budget, Fiscal Year 2013 Budget, Historical Tables, 1934-2017 (Table 2.2), 2012. Corporate taxes have declined from 22.2 percent of federal revenue in 1961 to 7.9 percent in 2011. <http://www.whitehouse.gov/omb/budget/Historicals>

³ Citizens for Tax Justice, “Big No-Tax Corps Just Keep on Dodging,” April 9, 2012. <http://www.ctj.org/pdf/notax2012.pdf>

⁴ Citizens for Tax Justice and the Institute for Taxation and Economic Policy, “Corporate Taxpayers and Corporate Tax Dodgers, 2008-2010, November 2011, <http://www.ctj.org/corporatetaxdodgers/>

⁵ Congressional Budget Office (CBO), “The Budget and Economic Outlook, Fiscal Years 2012 to 2022, January 2012,” Figure 4-3, p. 89. http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf