A Union of Professionals

American Federation
of Teachers, AFL-CIO

AFT Teachers
AFT PSRP
AFT Higher Education
AFT Public Employees
AFT Nurses and Health Professionals

555 New Jersey Ave. N.W.
Washington, DC 20001
202-879-4400
www.aft.org

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United States Senate
Washington, D.C. 20510

Dear Senator:

On behalf of the 1.7 million members of the American Federation of Teachers, I urge you to oppose the Tax Cuts and Jobs Act, which will wallop working- and middle-class Americans in order to pay for giveaways to the wealthiest few and large corporations. New changes to the bill, such as adding benefits to further reward certain high-income business owners and other so-called pass-through entities, are actually worsening a fundamentally flawed and inequitable tax bill that will be calamitous in the long term.

At the end of the day, this bill is simply, in effect, a vehicle for tax cuts for the rich at the expense of ordinary people and communities—particularly students, educators and public schools; homeowners; road repair, firefighting, policing, and other essential local and state services; and every American who purchases health insurance—as well as the fiscal health of the country. We urge you to make the right choice and reject a bill that champions the political interests of the majority party and takes money from the middle class. A vote against this bill will help protect working Americans, the public services they rely on and the financial health of the government.

More specifically, the nonpartisan Congressional Budget Office estimates that wealthy Americans, including the Trump family, would save $1 billion under this plan. These benefits would come at the expense of middle-class Americans. The CBO estimates that Americans earning less than $30,000 a year would be worse off than they are today. And by 2027, most Americans earning under $75,000 a year would pay more in taxes than they do today. In stark contrast, millionaires, billionaires and corporations would be better off under the Senate GOP tax bill. In addition, the benefits for large corporations would be made permanent while benefits for individuals would be temporary.

This would be paid for, in part, by eliminating $1.3 trillion of current tax relief offered by the state and local tax deduction—a deduction that helps the middle class pay less in federal taxes while helping states and communities provide important public services by investing in their roads, schools, and police and firefighting services.

At the same time, this bill attempts to repeal the individual mandate under the Affordable Care Act—a callous action would result in 13 million Americans losing healthcare coverage and a 10 percent increase in the healthcare premiums of millions of Americans.

Overall, this tax bill replaces one system that is unfair to the majority of Americans with another. This proposal will exacerbate the massive inequality that exists today across our nation, providing giveaways to big corporations and the wealthy through tax cuts, which would be paid for by raising taxes and increasing healthcare costs for working Americans.

For example, eliminating the century-old state and local tax deduction for individuals would result in a tax increase on nearly 30 percent of American taxpayers, affecting all 50 states. Middle-class homeowners would see their taxes increase by an average of $815—even with the standard deduction being doubled. A recent analysis from Americans Against Double Taxation found that repealing this deduction would result in tax increases at least as high as $6,300, or more than $63,000 over the next decade, for many suburban homeowners, including single filers *and* families. These increases will cause taxes to rise in suburbs across the country, including in Michigan, Ohio, Pennsylvania and Utah. However, to add insult to injury, while middle-class families would lose this deduction, businesses would continue to be able to deduct their state and local taxes.

Approximately 46 percent of all elementary and secondary education in the United States is financed by states, as are other vital services including healthcare, schools, firefighters, police and sanitation. Local governments also fund a large portion of these services. Eliminating the SALT deduction would make it harder for state and local governments to fund these public services that are critical to our communities.

It is clear that the purpose of eliminating deductions that help middle-class families reduce their tax liability is to fund tax breaks for corporations and the wealthy; that is whom the vast majority of this tax plan's benefits would go toward.

We are deeply disappointed that there is so little in the bill to help working families, despite the majority's claims that it does provide assistance. Rather than proposing to increase the earned-income tax credit, the bill creates a child care tax credit that is meaningless for the lowest-income families because it is not refundable.

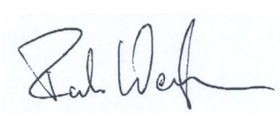
While undermining state and local government services by eliminating the SALT deduction, the bill does the exact opposite when it comes to big corporations, hedge funds and the already wealthy: It reduces the corporate tax rate by 15 percent; helps hedge funds and others reduce their true tax liability by letting them pay a much-reduced "pass-through" rate; doubles the exemption for the estate tax for the wealthy so they can pass on their inheritances tax-free; and keeps all sorts of loopholes that benefit the rich, like carried interest, that Trump promised to get rid of when he was campaigning. And, perhaps most troubling, the corporate tax cuts are the only permanent part of the Senate bill. In contrast, families will have to settle for temporary benefits, since reductions in tax rates, expansions of the standard deduction, and the child tax credit all expire after 2025. This means millions of working- and middle-class Americans would face tax hikes starting in 2026.

We've seen this plan before, in Kansas, where Republicans slashed taxes for the wealthy and corporations and shrank government, promising it would usher in an economic boom. It didn't. The five-year experiment caused state revenue to plummet, the deficit to explode, and painful spending cuts to be made—including cuts decimating public schools.

This bill is bad for our public schools, bad for our communities and bad for a majority of Americans, and we urge you to reject it.

Thank you for considering our views on this most important matter.

Sincerely,



Randi Weingarten
President

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