

The **UNITED STATES SENATE**
COMMITTEE *on* **FINANCE**
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Wyden Statement at Finance Committee Hearing on Inequality in the U.S. Tax Code
As Prepared for Delivery

This morning the Finance Committee will examine issues of racial justice and tax code inequality in America. Nobody of good conscience wants there to be a race-based penalty or a discount on taxes. Everybody ought to pay a fair share, and everybody ought to have a fair chance to get ahead. In practice, the U.S. tax code does not always work that way.

If America's busted, old tax code truly excels at anything, it's rewarding those who are fortunate enough to already have wealth. The lucky few with the top incomes can go years deferring their taxes, paying what they want and when they want. On the other hand, there's no deferral for a Black nurse who pays taxes out of every paycheck or a Latina small business owner who pays taxes quarterly.

According to a recent survey, a typical White American family has eight times the wealth of a typical Black American family. Some of the cornerstone tax policies in America include well-intentioned tax incentives for homeownership, education and retirement savings. Those incentives only really work for people who can afford to buy homes and set money aside for education and retirement. Those people are much likelier to be White.

The committee will hear a lot more examples like those today illustrating how the tax code adds to inequality in this country. The fact is, some recent changes have made the situation worse. An estimated 80 percent of the individual benefits of the Trump tax law went to White Americans. Even the benefits that went only to the top 1 percent of taxpayers were skewed the same way.

The American rescue plan enacted in March begins to change the math of racial injustice and tax code inequality. It expanded the Earned Income Tax Credit for millions of working people. It expanded the Child Tax Credit and makes sure millions more working families will receive the full amount available. Too often, families and individual workers with lower incomes, particularly Black and Latino, haven't had access to those full benefits.

Those expansions are going to be game changers for those workers and families in Oregon and all across the country. They ought to be permanent, and I'm working with members of this committee to make that happen.

Inequality isn't just about race, it's also about gender. Women business owners, particularly women of color, are underrepresented, undercapitalized and underappreciated. The share of business revenues that go to women-owned businesses hasn't budged in 20 years. It's stuck at 4 percent. Along with Senator Cortez Masto and Senator Hassan, Senator Cardin and I are introducing the PROGRESS Act that will help to increase that figure. Our bill is all about promoting investment in women- and minority-owned businesses and helping them grow and hire more workers.

Finally, policymakers need better, confidential data on how tax laws affect Americans of different races. Other federal agencies collect that type of demographic information and policymakers can use it to improve them. The IRS does not.

The fact is, the tax code isn't strictly about government funding. Congress decided long ago to use the tax code to tackle major economic and social challenges. The words Black or White or Asian or Latino or Native American don't have to appear anywhere in the code for tax laws to affect those groups differently. Too often, those differences are adding to inequality.

The IRS needs to meet a higher standard of confidentiality due to its history and the sensitive nature of taxpayer information. That said, it makes no sense to blind lawmakers to the key data that would illuminate injustice in our tax laws. It's time for more tax data transparency. This committee is going to make sure that happens in a manner that fully protects the privacy and confidentiality of American taxpayer information.

I'm looking forward to discussing all those issues and more today. There's a lot for us to cover in this hearing. I want to thank our witness panel for joining us.

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