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Wyden Hearing Statement on Ultra-Wealthy Tax Dodging and the 2025 Tax Debate

As Prepared for Delivery

In a matter of months, the Congress will begin a tax debate unlike any in recent memory. This will be a make-or-break moment for the federal budget and America's middle class, and the two sides have very different ideas of how to move forward.

Donald Trump is effectively waging class warfare against typical families on behalf of himself and the ultra-wealthy. How's he doing it?

He starts off with sweet-sounding campaign promises. No tax on tips or Social Security. China's going to pay big tariffs. Numbers like nobody's ever seen.

But it's all a bait and switch. Here's his real plan.

First he'd pass another round of enormous handouts for the ultra-wealthy financed in part by new taxes that hit working people.

Second, he'd balloon the deficit to unprecedented size.

Third, he'd make it impossible to save Social Security or address middle-class priorities like the cost of housing and child care.

That's his economic agenda, one-two-three. The big winners are at the top, and everybody else's needs are shunted aside.

He wants Congress to spend \$7 trillion on tax changes that would make his 2017 law appear modest in comparison. His starting point is making that 2017 law permanent. On its own, that'd be horribly skewed in favor of the wealthy. For every dollar in tax cuts that would go to a family of modest income, the typical millionaire would get a handout of \$540. Somebody at the very top would get more than \$2,000.

It's always the same Trump playbook -- he tosses out a bit of chicken-feed for working people, while the ultra-wealthy like him pocket huge gobs of cash.

Trump wants another payday for giant corporations, cutting the corporate tax rate down to 15 percent. It'd be another huge giveaway at a time when those corporations are pulling in enormous profits.

Trump doesn't have a viable plan to pay for these reckless handouts. His only proposal to close some of the gap is a tax on nearly all consumer goods.

He says other countries will pay -- but that's not how it works. Americans who are struggling to get by are going to be on the hook for Trump's handouts to billionaires and corporations. It's an appalling proposition.

Even with that new tax on typical families, Trump would run astronomical deficits. When Congress gets around to looking at Social Security or the housing crisis, it's going to find that Trump's class war has destroyed the budget and made it impossible to pass any real solutions.

Democrats want to take another tack. Our view is, the U.S. ought to have a tax code that gives everybody a chance to get ahead.

There's no getting around the fact that the expiration of much of Trump's 2017 law represents a big hurdle, and beyond that there are new challenges to address. The costs of housing and raising a family are at the top of that list. The reality is, there is no way to address all these issues without ensuring that the wealthy finally pay a fair share.

If billionaires want to avoid paying taxes forever, they buy, borrow, die.

An ultra-wealthy investor uses his riches to acquire valuable assets. He watches them appreciate, and he borrows against that value to generate cash. Then he sits on those assets, enjoys all the cash he's pocketed, and when he dies, any tax owed on that increase in value disappears into the ledgers of history.

This kind of tax trickery isn't available to nurses and firefighters and tradesmen. Their taxes come straight out of every paycheck. The ultra-wealthy get their own, special set of rules. That's how billionaires pay an average tax rate of 8 percent on the income they enjoy -- far less than a typical middle-class family pays.

Nobody wants our tax code to punish success, but it shouldn't punish middle-class work either, and that's what the system does today. The U.S. ought to have a tax code that's fair and that rewards success at the same time. No free rides, not even for billionaires.

I've also looked at other tax-dodging schemes and loopholes the ultra-wealthy are using. One example, private placement life insurance -- a tax shelter that really has nothing to do with life insurance at all. Grantor retained annuity trusts, or GRATs. Mega-IRAs that are abusing savings vehicles in ways Congress never intended. Large and extraordinarily complicated partnerships that are structured purely for tax avoidance.

Congress also needs to address the passthrough loophole Trump created in 2017. He claimed it was all about small businesses, but it was another bait and switch. It became another Trump policy that made the biggest winners out of high-income individuals like real estate moguls and oil and gas tycoons. Those

high-earners don't need the break, but Democrats are going to stand by the pledge to protect those with incomes under \$400,000, including small business owners.

So there's a lot for us to talk about. I look forward to our discussion of all these issues today.

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