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Wyden Statement at Finance Committee Markup on Senate Republicans' Tax Plan

As Prepared for Delivery

What started out as a promise of a significant middle class tax cut has become a multi-trillion dollar bait and switch, a massive handout to multinational corporations and a bonanza for tax cheats and powerful political donors. For millions in the middle class, this will not be a tax cut at all – it will be a tax increase. So while corporations are celebrating being lavished with a holiday gift of trillions of dollars in tax cuts, middle class families will have to hope they're lucky enough to avoid a tax hike they can't afford.

There is a massive gap between the Republican rhetoric surrounding this bill and the reality of what's on paper. The rhetoric makes this out to be lasting and substantial tax relief for everybody in the middle class. But the reality is, it's neither lasting nor substantial. So in the last few days, the baseless talking point about an across-the-board, guaranteed tax cut has been weighed down with a whole lot of Washington lingo. The new line is, this bill has always been about cutting taxes, on average, across a variety of income levels. Anybody who's had a bad experience with a used car dealer ought to recognize that that kind of careful hedging is usually covering up a nasty surprise.

For the middle class, the bill goes wrong right out of the box by eliminating the State and Local Tax Deduction. State and local taxes are how communities pay for firefighters and police, schools, roads and bridges. Americans get to deduct those taxes because of a longstanding principle that says the government shouldn't reach into their pockets twice to double-tax the same earnings. The bill Republicans have on offer throws that principle in the trash can.

Some Republican lawmakers and supporters of this bill want to make this out to be a red-versus-blue issue, as if it's okay to knowingly harm people just because they take a different view of policy. But the red-versus-blue justification doesn't even hold up to the facts. It's not just Oregon, California and the northeast that will take a hit if the state and local deduction goes away. It'll also be millions of people in Wisconsin, Arizona, Georgia, the Carolinas and places across the country that pulled the lever for Republicans last November. This proposal specifically targets communities where the American dream has sparked economic growth, created opportunity and helped more and more people earn middle class incomes. So eliminating the state and local deduction isn't about smart economic policy – in fact, it's sure to leave many communities worse off.

Republicans didn't have to go down this road. But because they've insisted since day one on using the most partisan process in Washington, which is known as reconciliation, they have to squeeze several trillion dollars of tax handouts and corporate goodies into a \$1.5 trillion box. That means telling the middle class to pay up.

At its core, this plan perpetuates what is most rotten and unfair about the tax code on the books today. There are two tax systems in America. There's one set of rules for the cop on the beat and the nurse in the E.R. For them, the system is strict and compulsory, and their taxes come straight out of each and every paycheck. Then there's another set of rules for the powerful, the well-connected, and multinational corporations with armies of tax lawyers and accountants. That system says they can pay what they want, when they want.

The proposal before the committee today doesn't do anything to fix that imbalance. In fact, it worsens that division and enshrines the sources of unfairness that leave so many hard-working Americans feeling kicked around every April 15th.

Americans are sick of watching corporations ship jobs overseas, abuse unfair loopholes, and shift their profits to fake headquarters on zero-tax islands. But this bill essentially tells those corporations, "You've been putting in a lot of work chasing a rock-bottom tax rate, so let's go ahead and move the starting line even closer to zero." Even worse, the massive giveaway is just one part of the story when it comes to the corporate side of this bill.

Under this Republican plan, multinational corporations will get an even bigger reward for doing business overseas than they'll get for creating red-white-and-blue jobs here at home.

Imagine how that sounds to the residents of forgotten mill towns or in cities where Main Street is boarded up and the factory lights never come on. There are too many Americans who've lost jobs that paid middle class wages and had to scrape together work wherever they can get it just to make ends meet. They are tired of watching this same pattern play out. And people who've waited decades for a meaningful raise deserve better than to see Congress reward corporations that flee the United States.

So it shouldn't come as a big surprise that those ideas are a tough sell. But in another return to the old playbook, the administration and Republicans in Congress have cracked out trickle-down fantasy math to justify these corporate handouts. They're making big promises about record wage increases, the economy kicking into high gear, and tax cuts paying for themselves. But there's no trustworthy independent analysis or historical record to back up those claims.

Treasury Secretary Mnuchin even claimed these tax handouts wouldn't just pay for themselves, they'd raise an additional \$1 trillion atop their own cost. How he came to that conclusion remains a mystery. Sounds to me like a lot of hocus-pocus arithmetic.

The Treasury Secretary also scrubbed from his department's website a recent analysis that said corporate shareholders – not workers – are the overwhelming beneficiaries of tax cuts. And if you're tired of the political back and forth on this issue, you don't need to listen to lawmakers. You can listen to the corporate heads themselves. They're already previewing plans to turn their tax handouts into stock buybacks and other shareholder goodies – not the new jobs or big wage increases Republicans have been promising.

So the millions of Americans who face a tax hike directly caused by this bill will only be its first victims. The hard-working people whose jobs are sent abroad because of this bill will become victims later on, too. And then there's the threat of an exploding deficit.

I'd wager that the Republican deficit hawks who seemed to fly away when this \$1.5 trillion bill was proposed will come flying back once it's enacted and the deficits pile up. Members of the administration and top Republicans in Congress are already saying that entitlement reform will come next after taxes. That's Washington-speak for going after Medicare, going after Medicaid, and going after Social Security. It's an old gameplan: Run up a big federal deficit, and then insist there's no choice but to force draconian cuts to the social safety net.

The American people have seen this movie before. The first big legislative push after the Bush tax cuts was an attack on Social Security. Fortunately it was stopped then, but this time it might not be. If those cuts to our safety-net programs happen, you can add seniors and many of the most vulnerable people out there to the list of victims of this bill.

I want to close with a comment on this process, which I consider to be a farce. I could see some in the majority saying they're faced with a choice between this unpopular tax bill and looking like they can't govern. Let me make this as clear as I can – those are not the only options on the table. They weren't the only options when Ronald Reagan and a big group of Democrats came together to pass tax reform. They weren't the only options when I wrote comprehensive, bipartisan tax reform proposals with two respected, senior Republican Senators, Judd Gregg and Dan Coats.

There is still an opportunity to work on a bipartisan basis – the way Ronald Reagan did it. It means sitting down and spending the necessary time to make sure your bill doesn't hurt the middle class. It means Democrats and Republicans talking together instead of relying on partisan trickery to speed a secretive bill to completion before anybody catches on. Nobody has to wave the white flag of surrender and submit to a partisan process to pass an unpopular bill.

Twice I've had a chance to talk taxes with Democratic Senators and administration officials. Both times, my Democratic colleagues and I made clear that we agree with Republicans that the tax code is a rotten, broken mess.

Democrats do not oppose tax reform done right. The message we delivered was that real, bipartisan, Reagan-style tax reform could pass with 70 or 80 votes, perhaps even more. It could make the tax code a whole lot more fair, put money back in the pockets of middle class families and bring on a wave of new red-white-and-blue jobs.

Even before those meetings, Democrats shared with Republicans our principles for reform – a focus on the middle class and fiscal responsibility to protect Medicare, Medicaid and Social Security. Those are principles the president says he's for, but they're not what Republicans put on paper.

What's on offer this afternoon is a rejection of the bipartisan approach. The bill before the committee has been in the public view less than four days. It came out just as Veterans Day celebrations were kicking off. This weekend, while I was marching in a parade in Albany, Oregon, I had to make calls back here to Washington to get the latest details.

There has not been – nor will there be – a single hearing on the details of this proposal. I'm sure somebody will say that the committee can have a full debate right now – that this is our opportunity to hash out our differences and work on tax reform. But this isn't a real debate. This is an abandonment of Reagan-style tax reform.

The first votes are right around the corner. And this bill is going to go through major contortions in the days ahead. Those contortions will be about the same bottom line – getting the biggest possible corporate handout through the Senate on a strictly partisan basis.

This bill has the power to reshape the American economy in ways that will leave a lot of people worse off. It is going to raise taxes on millions in the middle class. It will give American multinational corporations more relief for doing business overseas than they'll get for doing business in the U.S. I don't believe it's a radical idea to say the committee ought to take the time to consider the consequences before the voting begins.

There is bipartisan agreement that the tax code is a broken mess, so instead of this partisan process that will force middle class families to pay up to finance a corporate handout, it's not too late to do this the right way.

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