INTERNATIONAL FEDERATION OF
PROFESSIONAL & TECHNICAL ENGINEERS
AFL-CIO & CLC

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GREGORY J. JUNEMANN
President

PAUL SHEARON
Secretary-Treasurer

November 28, 2017

Dear Senator,

On behalf of the 90,000 members of the International Federation of Professional and Technical Engineers (IFPTE), we are writing regarding this week's Senate consideration of the *Tax Cuts and Jobs Act*. This legislation would do little to create jobs, represents a massive shift of the tax burden from the wealthiest wage earners and corporations to certain middle income workers, would result in the loss medical insurance for eleven million people, and specifically targets for elimination the few remaining tax benefits for working families. Furthermore, the few middle-class friendly items would sunset after just a few years (a looming tax rebound), while creating a permanent windfall for corporations.

Like the House-passed bill, this is not a tax reform bill. Rather, it is largely just a tax-cut package for the ultra-wealthy and corporations, while providing little or no relief for middle-income wage earners. IFPTE urges you to reject it, and instead replace it with a tax plan that will truly help to stimulate the economy, create jobs, and benefit working families. Specifically, any *bona fide* tax reform plan must:

1. **Be revenue neutral or positive** - The Joint Committee on Taxation (JCT) has conservatively estimated that this bill will add $1.4 trillion to the deficit (assuming the middle-class benefits are not extended). Because of the previous two Administration's tax cuts, despite the nearly-decade-long economic recovery, the United States government is already not raising enough revenue to pay for the goods and services that the American people demand of them. While there should be judicious budget cuts to reduce inefficiencies, no systems of cuts (or imagined growth) could possibly balance the federal budget or make up for the enormous increase to the federal deficit that this bill would create;
2. **Be statically scored or use conservative growth projections based on hard data -** Congress must be honest with the American people and let them know up front what the consequences will be for the federal deficit. We believe that any tax reform must reduce the deficit by creating a net increase in revenue just as the tax bills passed under the George H.W. Bush and Clinton Administrations that ultimately led to a fully and honestly balanced budget. This bill fails this test in grand fashion.
3. **Lower taxes only on households with incomes less than $250,000** - The upper middle class and wealthy have done quite well over the past decade and do not need a tax break. Those in the upper income brackets (>$500,000) should expect to pay more taxes to reverse more than a decade of significant wealth accumulation nearly exclusively for the top few percent of income earners. This bill fails to acknowledge that the wealthy need to pay their fair share as it is they who have profited the most from government expenditures over the past decade, including the great Wall Street bailout.
4. **Increase the amount of federal revenue from corporate taxes** - Corporate America benefits the most from the actions and services provided by the federal government, so the fact that they provide less than 10% of overall federal revenue through taxes is an outrage. While there may be good arguments for lowering the corporate tax rate, any decrease must be counterbalanced by the closing of loop-holes and subsidies so that the net proceeds from corporate taxes increase. For example, keeping deductions tightly linked to specific and measurable job creation is essential, as U.S. Corporations are achieving record profitability since the taxpayer-funded bailout of the banks and stock market, yet they are sitting on billions of dollars in cash and refusing to re-invest this money in the U.S. to increase American jobs. Regrettably, this bill would only enrich corporations more, without any enforceable job creation measures. It is time for them to be good corporate citizens and pay their fair share for a government that already works more for Wall Street than for Main Street.

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5. **Tax individual pass-through businesses as regular income -** This would allow individuals to reduce by 17.4% their business derived income by filing their taxes as if they were in one of the lowest individual income brackets. This crazy proposal has been tried in Kansas and nearly bankrupted the state. Profitable, individually run businesses need to pay a progressive rate and pay their fair share just as working people with W-2's do.
6. **Maintain deductions for State and Local income (SALT) and property taxes, and extend them to families who do not itemize –** There is no better example of the 'Robin Hood in reverse' impact of this bill than removing the ability of working Americans to deduct SALT, and using the saved revenue to help fund tax cuts for the wealthy and corporations. This nakedly political move to target citizens of certain states with a massive tax increase would be catastrophic for taxpayers living in CA, WA, ME, NJ, NY, IL, and elsewhere. Working people should not be taxed by the federal government on the taxes they already pay to their States. This should be true, even for those who claim the standard deduction. Senator Collins, to her credit, has proposed fixing this part of the bill by simply decreasing corporate tax rate only to 22%, versus the current proposal of 20%, and using the approximately $200 billion in revenue raised to offset the cost of keeping the SALT deduction in place. While there a great many aspects of this bill that need fixing, at the very least, Sen. Collins' proposal should be adopted.
7. **Maintain existing contribution limits to IRA, 401k, and other defined-contribution pensions** - We thank the President for preventing Congressional leadership in the House and Senate from including their proposed dramatic reduction in these contributions. This would have seriously harmed working people who are simply saving for a dignified retirement during a time when, unfortunately, defined benefit pensions are becoming scarce. As you consider this bill, IFPTE urges the Senate to reject any similar attempts, through amendment or otherwise.
8. **Maintain the estate tax** – Unlike the House bill, the Senate bill does not do away with the estate tax altogether. Instead, it doubles down on what is currently a very generous tax shelter of inheritances up to $11 million for a married couple. Under the Senate bill, inheritances of up to $22.4 million for couples would not be taxed, creating a huge hand-out to the offspring of the mega-rich (whether or not they contribute anything to society or the economy). The Estate tax should maintained as is to prevent further federal subsidizing of a wealth birthright, for those lucky few, unrelated in any way to work or talent.

Adding insult to injury, it should also not be lost on lawmakers that if this bill were to become law it would immediately trigger the 'Pay As You Go' (paygo) rule. The paygo rule, agreed to by Congress and President in 2010, is intended to provide a deterrent for lawmakers considering legislation that increases the deficit through reduced revenues without equal offsets. If such legislation is passed and becomes law, the paygo rule automatically triggers large, across the board, cuts to most federally funded programs, including Medicare. According to the Congressional Budget Office (CBO), if the Senate tax-cut bill were to become law in its current form, it would immediately trigger $111 billion in sequestration style federal spending cuts, PLUS an additional $25 billion cut to Medicare. This would be catastrophic for critical existing federal programs, for our military readiness, and for our most vulnerable citizens.

The bottom line is that this bill would do great damage to our economy and would negatively impact tens of millions of working families, which is why the majority of Americans oppose it. IFPTE urges you to respect the will of the people and defeat this gravely misguided massive tax cut for the powerful and the wealthy masquerading as tax reform. Instead, we urge you to work towards honest tax reform that enhances federal revenues, decreases the debt, increases jobs, and yet also provides some relief for low-to-middle income working families across America, the everyday folks who really need it.

Should you have any questions please contact IFPTE legislative director, Matt Biggs, at (202) 239-4880.

Sincerely,

Gregory J. Junemann
Gregory J. Junemann,
President

Paul Shearon
Paul Shearon,
Secretary-Treasurer