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United States Senator Jay Rockefeller

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WASHINGTON, D.C. — Senator Jay Rockefeller today offered 18 specific proposals to shave \$1.29 trillion from the deficit over 10 years with a balanced mix of options to close corporate tax loopholes, rein in tax abuses, and eliminate special tax breaks for wealthy Americans and big companies. Rockefeller said he will work with fellow senators and White House officials to consider these proposals in lieu of any destructive cuts to programs for the elderly, poor, and working families.

“There’s lots of talk about reducing the deficit and cutting spending, but we have seen very few specific ideas, especially when it comes to revenues,” said Rockefeller. “The American people are willing to make some sacrifices to help secure a better future by reducing the deficit, but those who are already struggling cannot shoulder the bulk of that burden themselves and it’s shameful to suggest otherwise. Big corporations and the very wealthy must start paying their fair share.

“It’s time to call out those who have been skirting the system and taking advantage of excessive tax breaks and loopholes. And it’s time to get specific – let’s debate and vote on fair and sensible proposals that ask everyone to give a little and those who can most afford it to give the most.”

Rockefeller’s specific ideas for reducing the deficit include:

Fight tax abuse by corporations that ship jobs overseas. Big corporations have made large profits in recent years by offshoring jobs and hiding American profits in low-tax countries. The International Tax Competitiveness Act (H.R. 62) would crack down on this bad behavior and **save \$30 billion over 10 years.** *(modification based on Administration’s FY2012 Budget Proposal)*

Replace the Corporate Alternative Minimum Tax (AMT) with a baseline 10% tax on profits over \$25 million a year. The corporate AMT has hurt U.S. manufacturers and still allowed some of the biggest

companies in America to skirt the system and pay nothing – zero -- in taxes each year. We must demand that highly profitable companies share in the responsibility of reducing our deficit by paying at least 10% in taxes annually on profits over \$25 million. *(No scoring estimate at this time)*

Eliminate tax breaks for Big Oil. Now is the time to end tax breaks for the big oil companies that are making record profits and charging consumers high gas prices at the pump, **saving \$35 billion over ten years.** *(Joint Committee on Taxation)*

End special treatment for corporate executives with private jets. Corporate executives flying in private jets currently get to deduct the amount they paid for a plane over 5 years, while airline companies in the business of transporting passengers across the country have to deduct the costs of the planes they buy over 7 years. We eliminate this inexcusable tax advantage for corporate executives, **saving roughly \$2 billion over 10 years.** *(2007 estimate from the Joint Committee on Taxation)*

Eliminate tax loophole for yachts. Some buyers of big yachts have been claiming them as second homes for tax purposes. We should stop allowing yachts to be used to take advantage of the home mortgage interest deduction. *(Joint Committee on Taxation estimate forthcoming)*

Eliminate ethanol subsidies. The artificially inflated demand for ethanol has done little to reduce our dependence on foreign oil and had dubious environmental benefits. We should eliminate the Volumetric Ethanol Excise Tax Credit, **saving \$2.4 billion right away.** *(Joint Committee on Taxation)*

Provide fair and equitable treatment for racehorse owners – in line with owners of livestock. Racehorse owners currently receive accelerated depreciation for two-year-old racehorses. Thanks to this giveaway, owners can deduct the full purchase price of a racehorse over three years. We should treat racehorses for the wealthy the same as horses for farmers, and eliminate this special deal, **saving \$20 million over 3 years.** *(modification of 2008 Joint Committee on Taxation estimate)*

Close the “Reverse Morris Trust” corporate tax loophole. This tax shelter has been used by corporations seeking to sell unwanted assets without paying taxes on the money they make. Rockefeller’s bill to fix this has been introduced in past years. It would close this corporate tax loophole, **saving taxpayers \$260 million over ten years.** (*Nonpartisan Congressional Joint Committee on Taxation*)

Stop tax inequity among states. State income taxes are deductible from federal tax returns to prevent double taxation. But in nine states (like Alaska, Florida, and Texas) where there are no state income taxes — residents have lobbied for a special carve-out that allows them to deduct sales taxes instead. This tax unfairness forces many West Virginians to foot the bill for the lifestyles of people in other states and we should repeal it, **saving \$5.5 billion this year.** (*Joint Committee on Taxation*)

Crack down on illegal Internet gambling. Establishing online gambling regulations will protect consumers, state’s rights and state sovereignty, and eliminate a huge illegal market that today benefits only countries and companies overseas, **saving an estimated \$41.8 billion over ten years,** and an estimated additional \$30 billion for states. (*federal estimate from the Joint Committee on Taxation, rough state estimate is based on most states mirroring federal taxes*)

End Bush tax cuts for the wealthy. The Bush tax cuts for those making more than a quarter of a million dollars per year have not helped create jobs or stimulate the economy. They are scheduled to expire at the end of 2012, but if we move that date up by just one year – to 2011 – we can **save \$41 billion right away.** (*Joint Committee on Taxation*)

No new tax cuts for the very wealthy until the deficit is gone. We face huge deficits even with wealthy families’ Bush tax cuts set to expire in 2012. Yet congressional Republicans are insisting on making those giveaways permanent, at a cost of \$400 billion. We should effectively **save that \$400 billion** by pledging not to extend or create any new tax breaks for millionaires until the deficit has been eliminated. (*modification based on 2010 Joint Committee on Taxation estimate*)

Early return to pre-Bush estate tax levels. Under the Bush Administration, millionaires and billionaires were given a huge increase in tax-free income. Estate taxes are already scheduled to return to more fair, pre-Bush levels in 2013. If we move that date up by just two years – but still grant a \$1 million exemption and apply the long-standing 55% rate to estate wealth above that threshold – we can **save \$32 billion right away.** (*Joint Committee on Taxation*)

Require that millionaires and billionaires pay their fair share. Too often, millionaires and billionaires avoid a fair share of tax liability by winning special tax breaks on income from their investments. What this means is that the very wealthy pay far less of their total income in taxes than middle class Americans. To achieve tax fairness, we should create a new tax bracket for millionaires and billionaires that is just 3% higher than existing levels, **saving \$200 billion over 10 years.** (*modification based on 2011 Congressional Budget Office estimate*)

Level the playing field between income for the wealthy and income for workers by restoring the pre-Bush capital gains rate. Today a steelworker pays the full tax rate on his income (a salary or wage), but a Wall Street trader pays only 15% on his income (from investments). This is why billionaire Warren Buffett points out the unfairness in his paying a lower tax rate than his secretary does. We should align income taxes for the wealthy more closely with income taxes for workers by re-establishing the capital gains tax at the pre-Bush level of 28%, **saving an estimated \$125 billion over ten years.** (*modification based on 2010 Joint Committee on Taxation estimate*)

Cap itemized deductions at 28%. Wealthy people also get an unfair advantage by deducting a higher percentage of contributions to charities and other payments. We should level the tax playing field by capping itemized deductions for the wealthy at the same 28% that applies to middle class families, **saving \$300 billion over 10 years.** (*Administration's FY 2012 Budget Proposal*)

Repeal tax perks for wealthy families' health savings accounts (HSAs). HSAs and high-deductible health plans have been proven to increase consumers' out-of-pocket health care costs and benefit mostly

wealthy people. We should eliminate the tax advantage given to HSAs, **saving \$16 billion over 10 years.** (*modification of 2010 Joint Committee on Taxation estimate*)

Talk to middle class Americans about a temporary soda tax for deficit reduction. Adding just 3 cents to a 12-ounce soda would generate \$24 billion in savings over four years. Lower and middle-income families I talk to have said that if the wealthy and big businesses start paying their fair share, and critical programs like Medicare, Medicaid, Children’s Health Insurance Program, and Social Security are protected, then they are also willing to help reduce the deficit. A 3-cent soda tax is just one idea – it could end when the deficit is eliminated and studies show it would have the added benefit of reducing consumption of sugary drinks that increase health care costs for families down the road, **saving \$60 billion over ten years.** (*modification of 2009 Congressional Budget Office estimate*).

Total Saved: \$1.29 TRILLION over ten years

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