

September 1, 2021

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Room H-232, The Capitol
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Room S-221, The Capitol
Washington, DC 20515

Dear Speaker Pelosi and Leader Schumer:

We, the undersigned high net worth individuals and corporate leaders, would likely be among the very small portion of Americans to pay higher individual and corporate taxes under President Biden's proposals being considered by Congress in the infrastructure plan. And we say: **it's about time.**

Our nation faces decades of deferred infrastructure maintenance and requires substantial repairs and upgrades, including the urgent need to address climate change. Our country severely lags our peer countries in providing the care to the very young and very old that would allow their current caretakers to participate in the formal workforce. Far too many people, especially children, are living in poverty. Health care is expensive and inaccessible for many, and education is under-supported. Yet, we are a nation that can do great things when we set our mind to it.

The costs of rectifying these problems should not be borne by those aspiring to achieve greater economic security, but by those of us whose lifestyles will be affected only marginally if at all. Our assets have grown substantially, even through the pandemic when so many people suffered economically and are even now still struggling to regain financial and household stability. And the policy decisions of our country have resulted in deep, systemic racial and gender wealth gaps that can no longer be ignored.

Like two-thirds of Americans when polled about the Biden tax proposals, we strongly support raising new revenue from those of us who can most afford it. In fact, taxing high net worth individuals and corporations significantly increases support for the president's agenda — especially with independent voters. By a 7 to 1 margin, voters overwhelmingly want the president's investments paid for by taxing the rich and corporations, rather than by increasing the deficit.¹

President Biden's proposal would **raise the top marginal income tax rate to 39.6%**—precisely where it was just four years ago during a long period of strong economic growth. Cutting that rate as part of the 2017 tax law didn't improve that growth trajectory,² and there is no reason to think that it would be a hindrance today. Nor would this increase of 2.6 cents per dollar on individual income over \$452,700 (\$509,300 for couples)³ have a significant effect on our consumption. *Less than two percent of taxpayers would be affected by this change* — those close to the cutoff would pay only a tiny amount more since only income over the threshold is taxed. But the benefits to the nation would be substantial and long overdue, creating good jobs for the many workers employed by infrastructure projects and benefitting both the providers and users of caregiving services created or enhanced by these revenues.

¹ <https://americansfortaxfairness.org/wp-content/uploads/ALG-HART-ATF-POLL-MEMO-JUNE-2021-FINAL.pdf>

² <https://www.washingtonpost.com/business/2020/09/05/trump-obama-economy/> ;
<https://www.taxpolicycenter.org/taxvox/searching-supply-side-effects-tax-cuts-and-jobs-act>

³ <https://www.cnn.com/2021/06/01/bidens-proposed-39point6percent-top-tax-rate-would-apply-at-these-income-levels.html>

We also agree with Biden’s plan to **tax capital gains income as ordinary income for individuals making over \$1 million** (\$2 million for married couples). It’s particularly disconcerting that while so many working Americans pay taxes with every paycheck, some billionaires are able to pay [zero dollars in federal income taxes](#) and overall billionaires are paying historically low levels of taxes, even when compared to wealthy Americans. Treating all income the same was good enough for President Ronald Reagan in the 1986 tax reforms, and it should be good enough for both Democratic and Republican members of Congress today, especially with the generous exemptions that would maintain the lower rate for over 99% of the public. Equities already appreciate tax-free for as long as they are held, giving people with investments an advantage over those who work for wages in order to pay their bills. There is no need to exacerbate this disparity with lower tax rates for income from investments that overwhelmingly benefit the very wealthy: over half of all long-term capital gains are claimed by the top 0.1% of income earners.⁴ Despite repeated predictions of doom by some analysts, there is no apparent correlation between low capital gains tax rates and economic growth.⁵ And, treating capital gains the same as ordinary income for high-income individuals would essentially close the notorious and unjustified “carried interest” loophole that allows investment managers to have their massive fees taxed at the lower capital gains rate even when they don’t have their own capital at risk. If nothing else, it’s time to close the loophole that allows billionaires to defer paying taxes on investment gains over a billion dollars. This anti-deferral accounting for billionaires is an important part of balancing the tax code and ensuring America has the resources it needs to invest in its future. We need to affirm the dignity of work and stop giving proceeds from passive investments preferential tax rates over earnings from actual labor. This change would also help to reduce gender and racial wealth disparities.

It is also time to **do away with the “stepped-up” tax basis loophole** that wipes out taxes on capital gains if passed on to an heir after the death of a wealthy investor or property holder. In the current system, a stockholder pays capital gains taxes on a stock sold a day before dying but does not pay any capital gains taxes on that stock if held until death. Since wealthy people typically have much of their assets in property, the stepped-up basis allows tremendous amounts of capital gains to escape taxation entirely. These untaxed increases in value make up about 33% of inherited estates between \$5 million and \$10 million, and 55% of inherited estates of over \$100 million—so over half the wealth increase of the largest estates is never subject to income taxation.⁶ This injustice should end, and Biden’s proposal ensures it does.

We believe the Biden administration’s plan rightfully **strengthens much-needed IRS enforcement against tax cheats**. The agency’s budget was cut by a full fifth from 2010 to 2018,⁷ resulting in a massive reduction in personnel and a loss of nearly one-third of the employees in enforcement rolls even though the Service has more to do than ever. As a result, audit rates dropped by almost 60% between 2010 and 2019, and audits on people with incomes over \$10 million declined even more dramatically to a tiny 6.6% in 2019⁸. Increased IRS funding will ensure that people like us are paying what we should.

We also support the administration’s proposal to **raise the corporate tax rate to 28%**. Just a few years ago the statutory corporate tax rate was 35%. The Trump administration cut the statutory rate to 21%—lower than what most corporations were even asking for—and said that the cuts would result in a surge of

⁴ <https://www.taxpolicycenter.org/model-estimates/distribution-individual-income-tax-long-term-capital-gains-and-qualified-44>

⁵ <https://www.forbes.com/sites/leonardburman/2012/03/15/capital-gains-tax-rates-and-economic-growth-or-not/?sh=355cb30e1e2e>; <https://equitablegrowth.org/the-relationship-between-taxation-and-u-s-economic-growth/>

⁶ <http://www.cbpp.org/research/federal-tax/ten-facts-you-should-know-about-the-federal-estate-tax>

⁷ <https://www.cbo.gov/publication/56422#section2>

⁸ <https://slate.com/business/2020/01/irs-audits-revenue-declining.html>

corporate investment. Instead, there was no sustained increase in business investment.⁹¹⁰ Nor did the lower rate result in any substantial increases in manufacturing jobs or in the job growth rate. Raising corporate tax rates would keep the U.S. in line with the tax rates of other comparable OECD nations and require them to contribute more of their fair share to the physical and personal infrastructure on which these corporations depend.

We further support implementing a **modest wealth tax on billionaires and ultra-millionaires with net assets over 50 million dollars**. The very wealthy have seen their assets soar over the past few decades, often through passive investments, while the government has had to search behind metaphorical couch cushions for resources to support working families. A 2 percent wealth tax on the portion of fortunes over \$50 million and 3 percent on \$1 billion and above would affect not one percent of the population, or even half of one percent, but just *one-twentieth of one percent*.¹¹ This is not a new idea, but it is newly urgent. Most Americans pay taxes on their home, their biggest asset. This tax would make sure that of the over 300 million people in the U.S., a mere 100,000¹² people with extremely large fortunes are helping to pay for the priorities that will lead the entire country to more, better-paying jobs and sustained economic recovery. It should be no wonder that this proposal is popular, including with two-thirds of voters, and a majority of Republicans in some polls.¹³

It's fine to build wealth, and it's fair to ask those who have done so to help fund the programs that help create and sustain a productive economic base for everyone. Those of us fortunate enough to be high earners or with substantial assets will continue to be high earners and with substantial assets if President Biden's revenue proposals and a modest wealth tax are enacted. And majorities across the political spectrum support higher taxes on the wealthy. It would defy common sense not to have those of us who make the most, have the most, and would suffer the least do marginally more to secure our nation's future. Biden's tax plan does just that.

Signed,

Naomi Aberly
Boston, MA

Janet Axelrod
Cambridge, MA

Kay Berkson
Chicago, IL

Brian Arbogast
Seattle, WA

Robert Bacon
Oakland, CA

Georgia Berner
Pittsburgh, PA

Dennis Arfmann
Boulder, CO

Meg Baesmith
Durham, NC

Laurie Black
San Diego, CA

Susan Atkins
Christiansted, VI

Alec Bash
San Francisco, CA

Jefferey Booth Jr.
Seattle, WA

Anna Aurilio
Washington, DC

Tom Bennigson
Oakland, CA

Peter Boyer
San Francisco, CA

⁹ <https://www.nytimes.com/2021/04/09/opinion/trump-corporate-tax-reform.html>

¹⁰ <https://www.wsj.com/articles/did-the-u-s-tax-overhaul-do-what-it-promised-11578114001>

¹¹ <https://www.warren.senate.gov/imo/media/doc/Summary%20-%20Ultra%20Millionaire%20Tax%20Act%20of%2020211.pdf>

¹² <https://www.warren.senate.gov/imo/media/doc/Summary%20-%20Ultra%20Millionaire%20Tax%20Act%20of%2020211.pdf>

¹³ <https://americansfortaxfairness.org/issue/recent-polling-tcja-taxing-wealthy-corporations/>

Anne Brown
Walnut Creek, CA

Patrick de Freitas
Salt Lake City, UT

Margaret Flinner
Washington, DC

Ian Brownell
Medford, MA

Frank De Rosa
San Francisco, CA

Don Foster
Los Angeles, CA

Roy Bukstein
Hillsborough, CA

Ellen Deacon
Philadelphia, PA

Bob Friedman
San Mateo, CA

Leo Butzel
Seattle, WA

Pierce Delahunt
Boulder, CO

David Friedman
San Francisco, CA

Kelly Cahill
Coram, NY

Jennifer DiBrienza
Palo Alto, CA

Sherrill Futrell
Davis, CA

Sarah Carter
Baltimore, MD

Shirley Dinkins
Pleasanton, CA

Marianne Gabel
Delaware, OH

Merle Chambers
Denver, CO

Rob Dugger
Alexandria, VA

David Gast
San Francisco, CA

Steve Cohen
Berkely, CA

Martha Easter-Wells
Minneapolis, MN

Michael Gast
Oakland, CA

Brian Colker
Santa Monica, CA

Doug Edwards
Los Altos, CA

Elsbeth Gilmore
Brooklyn, NY

Debra Cooper
Eastport, NY

Kevin Edwards
Portola Valley, CA

Neva Goodwin
Cambridge, MA

Betty Cotton
Scarsdale, NY

Ellen Epstein
Medford, MA

Melissa Grant
Pacific Palisades, CA

Tony Crabb
Healdsburg, CA

Christian Ettinger
San Francisco, CA

Barbara Grasseschi
Healdsburg, CA

Sheila Creal
Carlsbad, CA

Brad Falchuk
Brentwood, CA

Eva Grove
Los Altos, CA

Harriett Crosby
Cabin John, MD

Nancy Falk
Oakland, CA

Karen Grove
Menlo Park, CA

Marian Dalke
Philadelphia, PA

Andrew Faulk
San Francisco, CA

Meghan Grover
Brooklyn, NY

Alan Davis
San Francisco, CA

Chris Findlater
Naples, FL

Carol Hamilton
Los Angeles, CA

Laury Hammel Wayland, MA	Kim Iwamoto Honolulu, HI	David Levine New York, NY
Doug Hammond Denver, CO	Frank Jernigan San Francisco, CA	Janet Levinger Bellevue, WA
Elaine Hanson San Diego, CA	Ash Jones Los Angeles, CA	Ruth Lipscomb Bellevue, WA
Lyndon Haviland Cerrillos, NM	Joel Kanter Washington, DC	Art Lipson Salt Lake City, UT
Marlena Henderson Oakland, CA	Rochelle Kaplan Salt Lake City, UT	Barry Litt Alhambra, CA
Lawrence Hess San Diego, CA	Mike Kappus San Francisco, CA	Paula Litt Alhambra, CA
Suzanne Hess San Diego, CA	Jim Kelly Kimberly, OR	Margery Loeb Victoria, TX
Lisa Hodges Durham, NC	David Khon Beverly Hills, CA	Michael Loeb New York, NY
Lynn Holbein Auburndale, MA	Michael Kieschnick Palo Alto, CA	Evie Lovett Putney, VT
Kim Hoover Miami, FL	Hugh Kinsellagh Los Angeles, CA	Jo Lum Brattleboro, VT
Laura Horwitz Saint Louis, MO	Caroline Kurtz Missoula, MT	Brita Mackey Colorado Springs, CO
William Howell Nashville, TN	Sarah Lane Missoula, MT	Tim Mackey Cambridge, MA
Joan Huffer Alexandria, VA	Johnny Lapham Arlington, MA	Erik Maritz Minneapolis, MN
Kristin Hull Oakland, CA	Ira Lechner Escondido, CA	Royceann Mather Overland Park, KS
Leah Hunt-Hendrix San Francisco, CA	Lucy Lee San Francisco, CA	Joel McCormack Boulder, CO
Anne Irwin San Francisco, CA	David Leiwant Medfield, MA	Cynthia McPherson El Cerrito, CA

Virginia Meany
Marlborough, MA

Carl Page
Palo Alto, CA

Regan Pritzker
San Francisco, CA

Barbara Meyer
Atlanta, GA

Gloria Page
Los Altos, CA

Susan Pritzker
San Francisco, CA

Paulette Meyer
San Francisco, CA

Cookie Parker
Los Angeles, CA

Christian Quilici
Los Angeles, CA

Laurie Michaels
New York, NY

Frank Patitucci
Pleasanton, CA

Cathy Raphael
Pittsburgh, PA

Ron Miller
Shelburne, VT

Dana Perlman
Los Angeles, CA

Carol Rawn
Cambridge, MA

Laurence Morse
Stamford, CT

Seth Perlman
New York, NY

Robina Riccitiello
San Francisco, CA

Ning Mosberger-Tang
Boulder, CO

Dee Perry
Boulder, CO

Clare Riesman
Guerneville, CA

Hans Mulders
Chelan, WA

Lou Perwien
Washington, DC

Charles Rodgers
Boston, MA

Bill Mutterperl
Beverly Hills, CA

Marcia Peters
Boston, MA

Fran Rodgers
Boston, MA

Nancy Mutterperl
Beverly Hills, CA

JJ Philbin
Los Angeles, CA

Marsha Rosenbaum
San Francisco, CA

Martha Newell
Missoula, MT

Judy Pigott
Seattle, WA

Molly Ross
Castle Rock, CO

Sandy Newman
Takoma Park, MD

Sarah Pillsbury
Venice, CA

Sara Sargent
Somerville, MA

Caleb Nusbaum
Northampton, MA

Dorothy Polash
Portola Valley, CA

Deb Sawyer
Salt Lake City, UT

Meagan Nye
San Francisco, CA

Sandy Polishuk
Portland, OR

Julie Schecter
Bolton, MA

Molly O'Connor
St. Paul, MN

Leigh Pomeroy
Mankato, MN

Sybil Schlesinger
Natick, MA

Barbara Page
Palo Alto, CA

John Powers
Boulder, CO

Mike Schur
Los Angeles, CA

Margot Schwartz
Bayside, WI

Allison Thomas
Los Angeles, CA

Sarah Williams
Brooklyn, NY

Susan Sheu
Santa Monica, CA

Tom Thomas
Gwynedd, PA

Diane Wilson
LINCOLN, NE

Daniel Simon
New York, NY

Marnie Thompson
Greensboro, NC

Tim Wolf
Boulder, CO

James Simon
New York, NY

Keith Thornton
Dallas, TX

Dick Wollack
San Francisco, CA

Dan Smith
San Francisco, CA

Andy Tobias
New York, NY

Sue Wollack
San Francisco, CA

Paul Song
Santa Monica, CA

Ted Trimpa
Denver, CO

Sophia Yen
Los Altos, CA

Mary Ann Stein
Bethesda, MD

Diane Trombetta
Los Gatos, CA

Ira Ziering
Pacific Palisades, CA

Nancy Stephens
Los Angeles, CA

Isaac Tucker
Santa Monica, CA

Miri Zlotnitsky
Potomac, MD

Julia Stone
Philadelphia, PA

Janet Van Zandt
Boston, MA

TJ Zlotnitsky
Potomac, MD

Alice Stowell
Arlington, MA

Kate Villers
Concord, MA

Michelle Zygielbaum
Santa Rosa, CA

Faye Straus
Lafayette, CA

Phil Villers
Concord, MA

Sandor Straus
Lafayette, CA

Lynn Voelbel
Minneapolis, MN

Karen Sweet
Newton, MA

Isabel Walsh
Raleigh, NC

Rachel Tabachnick
Carnegie, PA

Rachael Wells
New York, NY

Ritchie Tabachnick
Pittsburgh, PA

Andrew Wilder
Santa Monica, CA

Alan Thiesen
Roseville, CA

Matty Wilder
Santa Monica, CA