



MEMORANDUM

To: Interested Parties
Fr: Frank Clemente, Executive Director, Americans for Tax Fairness Action Fund
Date: October 29, 2020
RE: **Closing Argument -- Trump & Biden on Taxes & the Economy**

As we enter the last 5 days of the 2020 Presidential Campaign, it is important that we review President Trump's very troubled record on the economy and taxes and the alternative offered up by former Vice President Biden. While nearly 230,000 Americans have died from COVID, nearly 9 million more are infected and 62 million lost their job at some point in recent months, billionaire wealth has skyrocketed. They've even benefited from new tax cuts contained in the major pandemic relief bill passed in March. Below are just a few of the items that are important for voters across the country to know.

BILLIONAIRES BOOM, WORKING FAMILIES AND STATE BUDGETS GO BUST

The collective wealth of America's 644 billionaires [jumped by \\$931 billion, or nearly one-third](#), from mid-March to mid-October, roughly the beginning of the COVID-19 pandemic, even as the U.S. economy was reeling from a huge spike in joblessness and a collapse in taxes collected, according to a new report by Americans for Tax Fairness (ATF) and the Institute for Policy Studies (IPS).

- **The total net worth of the nation's 644 billionaires has risen from \$2.95 trillion on March 18 to \$3.88 trillion on [October 13](#), or 31.6%**, based on Forbes billionaires data.
 - March 18 is the rough start date of the pandemic shutdown, when most [federal](#) and [state](#) economic restrictions were put in place.
 - Forbes' annual billionaires report was published March 18, 2020, and the real-time data was collected Oct. 13 from the Forbes website. This analysis was recently [favorably reviewed by PolitiFact](#).
- Despite growing needs and economic hardship caused by the pandemic, President Trump and U.S. Senate Republicans have **refused to pass another financial aid package** to help working families and to maintain state and local public services. Instead, they have opted to focus on expediting the confirmation of a new Supreme Court justice before the election.
- **Needless to say, ordinary workers did not fare as well as billionaires during the pandemic:**
 - Nearly 8.2 million fell ill with the virus and [220,000 died from it](#)
 - Collective work income of rank-and-file private-sector employees—all hours worked times the hourly wages of the entire bottom 82% of the workforce—[declined by 3.5%](#) from mid-March to mid-September, according to Bureau of Labor Statistics data.
 - [Nearly 62 million lost work](#) between Mar. 21 and Sept. 19, 2020
 - [25 million](#) were collecting unemployment on Sept. 19, 2020

- [98,000 businesses](#) have permanently closed
- [12 million have lost employer-sponsored health insurance](#) during the pandemic as of August 26, 2020
- [22 million adults](#) reported not having enough food in the past week between Sep. 2-28, including 14 million with children in the household.
- [1 in 6 renters reported being behind on September rent payments.](#)

TRUMP & BIDEN RECORDS & PLANS ON THE ECONOMY & TAXES

Even before COVID-19, Trump’s 2017 GOP tax law [had failed to fulfill its promises](#), according to government and think tank data:

- **On Fairness:** It was not a middle-class tax cut. This year the top 1% will get as much in tax cuts—\$78 billion—as the bottom 80%. More than 90 big profitable corporations paid zero federal income taxes in the law’s first year.
- **On Jobs & Wages:** It did not improve wage gains for workers: average pay hikes in the first two years under the law lagged those under the last two years under Obama-Biden. Job growth did not accelerate either—it was nearly identical over those two periods.
- **On the Deficit & Economy:** The tax cuts will not pay for themselves, but instead add \$1.9 trillion to the national debt; the deficit soared in the first two years of the law. The law did not boost the economy: in those first two years, economic growth was very similar to the Obama-Biden years. Business investment did not boom.

By comparison, Joe Biden [will raise taxes only on the wealthy and corporations](#) to invest in working families.

- He will not directly raise taxes on anyone making less than \$400,000, as confirmed by [PolitiFact](#), [FactCheck.org](#) and the [Washington Post’s Fact Checker](#).
- He will use the \$2.4 trillion of revenue raised to strengthen Social Security; improve healthcare, education, childcare and housing; and build a sustainable economy.
- [Moody’s Analytics](#) has declared the Biden plan would be better for the economy—and add 7.4 million more jobs—than Trump’s tax-cuts-for-the-rich, trickle-down policies. [Read more favorable comments](#) from Wall Street analysts.

ECONOMIC RESPONSE TO THE PANDEMIC

- Seven months after the CARES Act, the \$2.2 trillion pandemic relief law passed in March, Trump and his Republican allies in the Senate have [still failed to provide a serious follow-up](#) coronavirus aid bill, despite millions falling ill and losing health insurance, tens of millions jobless and hungry.
- In those same seven months, America’s [644 billionaires collectively got \\$931 billion richer](#), a nearly 32% leap in wealth amid national misery and despair.
- **The CARES Act contained a “Millionaire’s Giveaway” that will this year give 43,000 wealthy business owners tax cuts averaging \$1.6 million each.** Repeal of the giveaway, which the House Democrat’s Heroes Act would do and Biden supports, would raise nearly \$250 billion for COVID relief.

- **The \$931 billion wealth gain by billionaires since mid-March:**
 - Far exceeds the [\\$300 billion in new pandemic relief](#) proposed by Senate Majority Leader Mitch McConnell (R-KY), which the Senate failed to pass in September, four months after the House of Representatives passed the first Heroes Act in mid-May. McConnell has since expressed little interest in negotiating a deal with the House as many members of his caucus oppose any sizable new aid package.
 - Is about [40% of the \\$2.2 trillion pandemic relief](#) bill, known as the second Heroes Act, which passed the House of Representatives Oct. 1.
 - Exceeds the two-year estimated budget gap of all state and local governments, an estimate that ranges from [\\$500 billion](#) for all levels of government to perhaps [\\$555 billion](#) for states alone. By June, state and local governments had already [laid off 1.5 million workers](#) and public services—especially education—[faced steep budget cuts](#).

TRUMP’S TAX DODGING, CAMPAIGN FINANCES & CONFLICTS OF INTEREST

A [multi-part New York Times investigation](#) of President Trump’s finances found he has almost completely dodged federal income taxes in this century through at least 2017; his businesses are in distress and he’s deeply in debt; he may have broken both tax and campaign-finance laws with a contribution to his 2016 campaign; and he’s been peddling access and favorable governmental action to patrons of his resorts and hotels. Trump’s chronic tax dodging proves the unfairness of the system:

- Trump, [worth \\$3.5 billion in 2017 per Forbes](#), paid no federal income taxes for 11 out of 18 years between 2000 and 2017 and paid just \$750 in 2016 and in 2017.
- By comparison, in 2017 a [typical nurse or schoolteacher](#) paid on average \$4,920 in federal income taxes; a firefighter paid \$2,464; and a bus driver paid \$877.
- **While billionaire Trump was dodging millions in taxes, “regular Joe” Biden was paying his fair share of taxes every year.** From 2000 to 2017, [Biden paid a total of \\$5 million on \\$16.4 million of income](#)—a cumulative tax rate of 30%.
- **Trump is vigorously exploiting a tax system he helped rig:**
 - He is the poster child for what is wrong with our tax system. He is a tax cheat and an expert at exploiting tax loopholes.
 - Trump [exploits numerous loopholes](#) that real estate lobbyists—including [Trump himself](#)—have crammed into the tax code. Trump made sure his 2017 tax law preserved all those goodies, [plus adding a few more](#). Trump’s [\\$2 trillion tax cut](#) mostly benefited the rich and big businesses, especially in the real estate industry.
 - [Joe Biden’s tax plan](#) will make our tax system much fairer by increasing taxes on the rich and corporations, raising substantial revenue needed to improve public services and making new investments to build an economy that works better for everyone. Biden’s plan will not directly tax any household making less than \$400,000 a year.
 - Trump’s tax returns show he may be breaking the law. He wrote off as business expenses personal costs like the legal defense of his son in the Russia inquiry and his costly hair care. He [paid his daughter Ivanka nearly \\$750,000](#) as a “consultant,” even though she already worked for the Trump Organization, thus artificially upping business costs to lower tax bills.

- **Trump [may have broken both tax & campaign finance laws](#) with a late 2016 contribution.** Over \$20 million in mysterious payments—apparently facilitated by a \$30 million loan guaranteed by a Trump business partner—went from a casino they jointly owned to Trump shell companies and eventually to him, possibly allowing Trump to make a late \$10 million contribution to his own campaign. His casino wrote off the payments as a legitimate business expense—tax fraud if they were really for his use. And if the payments were the source of his donation, because they were underwritten by someone else, it would be an impermissibly large campaign contribution.
- **Trump’s precarious financial situation poses a threat to U.S. national security.**
 - Trump’s businesses are failing, and his huge debts are a major national security threat. As the New York Times reports, Trump “is personally responsible for loans and other debts totaling \$421 million, with most of it coming due within four years.” It is not clear to whom this money is owed or what leverage they have over Trump.
 - Experts say that level of debt [might block security clearances](#) for most federal employees.
- **Despite promises to “drain the swamp” of corrupt D.C. dealing, [Trump has expanded it](#).** The Times identified over 200 businesses, foreign governments and special-interest groups patronizing his expensive hotels and resorts that benefited from Trump administration decisions. Sixty of those entities alone spent almost \$12 million at Trump properties while they had matters before the federal government.