

IN CASE YOU MISSED IT

Biden's Corporate Welfare Bonanza

During his State of the Union address, President Biden used his time to lambast businesses for allegedly not paying “their fair share.” Specifically, he called for eliminating individual and business “tax breaks” to “make the tax code fair.”

Unsurprisingly, President Biden's policies don't match his rhetoric. While he complains about supposed “unfair tax breaks” his administration has unleashed a gush of corporate welfare, including crony tax breaks and subsidies for his preferred industries.

Yesterday, Chris Edwards with CATO Institute laid out the facts on Biden's corporate welfare bonanza.



WORD ON THE STREET



Via [Cato](#):

- “[President Biden] is a hypocrite. He signed into law three massive bills handing out hundreds of billions of dollars of narrow tax breaks and spending subsidies to budget corporations. ***It is the biggest gusher of corporate welfare ever.***”
- “Biden elaborated in his speech, ‘I also want to end tax breaks for Big Pharma, Big Oil...’ ***But he has given huge tax breaks and spending subsidies to Big Semiconductor, Big Wind, Big Solar, Big Battery, Big Automaker, Big Utility, and so on.***”
- “Biden signed the Infrastructure Investment and Jobs Act of 2021, which ***increased federal subsidies by \$548 billion. Tens of billions of dollars were handed to railroads, electric utilities, broadband companies, the EV industry, and others.***”
- “Biden signed the Inflation Reduction Act of 2022, which ***handed out \$868 billion in energy subsidies, most of it to big corporations, including automakers, utilities, manufacturers, and hydrogen producers. Adam Michel finds that Biden's energy tax subsidies could top \$1.8 trillion.***”



THE BOTTOM LINE

As famed economist Thomas Sowell once asked, “What exactly is your ‘fair share’ of what someone else has worked for?”

President Biden and Congressional Democrats refuse to answer this question, **using the “fair share” rallying cry as justification to confiscate and redirect resources away from wealth-producing businesses and individuals towards those industries they favor.** In their defense, defining “fair share” would put them in a challenging position.

Defining “fair share” would require Democrats to face the fact that **the top 1 percent of income earners paid 45.8 percent of all income taxes in 2021**, despite earning just 26.3 percent of all income, and paid an average tax rate of 25.9 percent ([IRS SOI Stats](#), Table 4.3, tax year 2021). By comparison, the bottom 50 percent of income earners paid just 2.3 percent of all income taxes, despite earning 10.3 percent of all income, and paid an average tax rate of just 3.3 percent.

In other words, the top 1 percent’s share of taxes is almost twice their share of income, while the bottom 50 percent’s share of taxes is only 1/5 of their share of income. **Which individuals aren’t paying their fair share, Mr. President?**

Defining “fair share” would also require Democrats to explain how many times income should be taxed. **Taxes on corporate income are paid by workers through lower wages, individuals through higher prices, and shareholders through lower returns** – each of whom are also responsible for paying individual income taxes, including on income that was previously taxed at the corporate level.

Should a small business owner similarly be taxed on his business profits only to then be taxed at the individual level on those after-tax profits?

Defining “fair share” would force Democrats to explain how their corporate tax proposals would impact President’s Biden’s tax pledge. According to the nonpartisan [Joint Committee on Taxation](#) (JCT), almost 60 percent of the burden of this tax hike would fall on those making under \$500,000. **Are these tax hikes exempt from President Biden’s pledge?**

While we continue to wait for President Biden and Congressional Democrats to define “fair share,” we can assume the answer offered by Thomas Sowell himself: “Fair share



is whatever you can get away with without getting caught or without arousing enough public indignation to make it politically dangerous.”

The tax code should not be used to pick winners and losers. It should be used to provide the minimum level of revenues necessary for the government’s constitutional responsibilities in the least economically distorting way.

The House Budget Committee’s Fiscal Year 2025 **“Reverse the Curse” Budget Resolution** ends President Biden’s corporate welfare and encourages tax reform that simplifies the tax code and promotes economic growth.

