



U.S. HOUSE OF REPRESENTATIVES

## COMMITTEE ON THE BUDGET

134 Cannon House Office Building, Washington, D.C. 20515 ★ (202) 226-7200 ★ [democrats-budget.house.gov](http://democrats-budget.house.gov)

John Yarmuth  
Ranking Democrat

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## More Evidence the Republican Tax Scam Leaves American Families Behind

In the weeks since Congressional Republicans jammed through their tax scam late last year, non-partisan experts continue to provide evidence that the law is a huge giveaway to the rich that will leave families with little benefit as federal deficits swell.

**The Huge Giveaway to the Rich Does Not Trickle Down** — Experts agree the huge tax cut to corporations and millionaires will *not* trickle down to American workers in any meaningful way. The Tax Policy Center estimates [83% of the total tax cut in 2027 will go to the top 1%](#) of taxpayers.

- CNBC Fed Survey of economists, strategists and fund managers indicates [workers are estimated to get just 12 cents of every dollar](#) of companies' tax savings.
- Goldman Sachs expects [no significant short-term effect of tax reform on average hourly earnings](#) and only a marginal increase to employee wages and benefits.
- Reuters/Ipsos poll shows only [2% of U.S. adults surveyed had gotten a raise, bonus, or other benefit](#) due to the Republican tax law.
- Companies' earnings reports and other financial disclosures show [only a sliver of their tax cuts will be used for investments in workers](#).
- Companies' [bonus announcements are trivial compared with their tax savings](#). For example:
  - Bank of America's bonuses to workers cost about 5% of its tax savings in 2018 alone.
  - Apple's bonuses cost less than 1% of its tax savings from a single provision.
  - Walmart spent six times more to buy back debt and benefit shareholders, than it did on bonuses and wage increases.

**The Massive Tax Cut for Corporations Benefits Shareholders, Not Workers** — Experts agree the massive corporate tax cuts largely benefit wealthy shareholders through dividends and stock or debt buybacks, not workers.

- An S&P Global report estimates that banks will return [75% of their tax cut to shareholders](#).
- More than four in five Morgan Stanley analysts expect [the companies they track will use the tax savings for buybacks and dividends](#). Barely one in five expects the companies to pass even some of the tax savings to workers.
- Moody's analysts expect companies will likely [use their tax savings for share buybacks, mergers and acquisitions, and paying down existing debt](#). There have been more than \$33 billion of stock-buyback announcements since enactment of the GOP tax bill, a trend TrimTabs expects will accelerate.
- CNBC Fed Survey of economists, strategists and fund managers indicates [companies will use most of their tax cut on buybacks, dividends and debt](#), not higher wages for workers.

- Experts believe [the tax cut will cause a wave of stock buybacks](#) for large companies with offshore capital, benefiting shareholders, not workers.

**Companies’ Bonus and Wage Increase Announcements Tell Us Nothing About the GOP Tax Law’s Impact on Workers**

— These announcements are meaningless for measuring the tax law’s impact on workers, because these companies would have made business decisions to keep and attract good workers in a competitive labor environment, *regardless of the tax cut*. Many companies’ layoff announcements following passage of the tax bill demonstrate their decisions largely reflect internal business goals. One company, Kimberly-Clark, even stated it will use some of its [tax savings to lay off more than 5,000 workers](#).

- Most economists believe [the U.S. is at or near full employment, when employers are forced to compete for scarce workers, and employees are empowered to bargain for higher wages](#), whether their companies just received a tax break or not.
- [The tight labor market suggests pay raises were coming with or without the tax law](#) and it seems convenient for employers to point to the GOP tax law.
- Examples show companies are competing for workers *regardless of the tax law*:
  - [Walmart raised its starting wage to \\$11 an hour citing the tax law, but this followed actions at rival Target](#) prior to enactment, raising its minimum wage to \$11 an hour.
  - [Wells Fargo & Co. stated its minimum wage increase to \\$15 an hour was part of a long-term plan and not related to the tax law](#), then later backtracked and said it was related.
  - Economic Policy Institute notes [40% of American workers get bonuses every year](#), so for companies to trumpet them right after the tax cut means nothing.
  - Associated General Contractors of America noted about [78% of construction companies were having a hard time finding qualified workers](#) due to the tight labor market, illustrating that companies would have had to raise their wages to attract workers.

**The Republican Tax Scam Does Not Pay for Itself** — Experts agree the Republican tax law will *not* create significant economic growth to pay for itself; instead, it will significantly increase the national debt.

- S&P Global economists expect the tax law will [have no impact on growth over the long run](#).
- Moody’s analysts expect the tax law will [not cause a meaningful boost to business investment](#). Furthermore, they warn the Republican tax law will have significant negative consequences for American families, including:
  - Higher federal debt and borrowing costs.
  - Difficulty for state and local governments to afford services in higher-tax areas.
  - Lower home values due to reduced tax incentive for home ownership.
- Non-partisan experts conclude the GOP tax law will increase the national debt by more than \$2 trillion over 10 years, *even with economic growth*:
  - Joint Committee on Taxation estimates the [debt will increase by \\$1.1 trillion](#).
  - Tax Policy Center estimates the [debt will increase by \\$1.5 trillion](#).
  - Penn Wharton Budget Model estimates the [debt will increase by \\$1.9 to \\$2.2 trillion](#).

**Next Up: Target Benefits American Families Rely On** — The [Republican Tax Scam](#) cuts taxes for the rich, while significantly increasing deficits and the national debt. Republicans remain committed to their three-step plan to give to the rich, which results in skyrocketing deficits, and then make everyone else pay for it with massive cuts to Medicare, Medicaid and other top priorities for American families.