

GOP Tax Scam Favors Corporations & Wealthy Americans While Leaving Small Businesses & Middle Class Families Behind

The GOP tax scam, jammed through Congress in under two months by Republicans, with no public hearings and limited review, stacks the deck against America's middle-class families while giving enormous tax cuts to corporations and the wealthy. As we learn more about the law, evidence continues to mount that it is not delivering the benefits promised by Congressional Republicans and President Trump to working Americans and small business owners.

Reports indicate the wealthy are receiving the vast majority of tax relief, with companies putting savings into the pockets of investors – not workers – through corporate buy backs:

“The tax bill was sold as a way to create jobs and boost stagnant wages. So far, at least, **corporations have been showing more concern about shareholders than about employees or the economy as a whole**...a whopping 70% of the tax windfall going to shareholders in ways that have little impact on the economy, jobs and wages.” [USA Today Editorial, [3/5/18](#)]

“**Share buybacks in 2018 have averaged \$4.8 billion a day, double the pace for the same period last year**, according to market data firm TrimTabs... JP Morgan recently estimated that by year's end, buybacks would reach a record \$800 billion, a **51 percent increase over last year** and in keeping with the trends TrimTabs has recorded for the year to date.” [CNBC, [3/12/18](#)]

“When companies buy back their own stock, it raises the stock price for shareholders because fewer shares are available. But **stock buybacks do little to create jobs or reduce America's inequality problem**. ‘Stock buybacks are purely for the shareholder,’ said Ian Winer, head of equities at Los Angeles-based Wedbush Securities. **‘It is very difficult to argue buybacks are good for the overall economy or average worker.’**” [CNN Money, [3/8/18](#)]

As companies continue giving the majority of the benefits of the law to investors, any benefits that workers are receiving will be short-lived. [CNN Money reports](#) that 53% of investments in workers have taken the form of one- time bonuses:

Martin Whittaker, CEO of JUST Capital: “If you're struggling to make ends meet stacking shelves at Home Depot, would you rather get a one-time bonus or a permanent wage increase?” [CNN Money, [3/8/18](#)]

In addition to workers, a recent poll from [Businesses for Responsible Tax Reform](#) shows that small business owners and workers have been left behind by the law:

- Seven in ten small business owners said they would not hire new employees as a result of the law.
- Six in 10 said they would not be giving their employees raises.
- 54% said the tax law favors large corporations over small businesses.
- 55% said they do not believe the law puts small businesses on a level playing field with big businesses.

The impact of the law on the deficit can be felt already. In March, the U.S. Department of Treasury posted the largest monthly deficit in six years due to lost revenue:

“The U.S. recorded a \$215 billion budget deficit in February -- its biggest in six years -- as revenue declined. **Fiscal income dropped to \$156 billion, down 9 percent from a year earlier**, while spending rose 2 percent to \$371 billion, the Treasury Department said on Monday. The deficit for the fiscal year that began in October widened to \$391 billion, compared with a \$351 billion shortfall the same period a year earlier, according to the Treasury report.”

“**The data underscore concerns by some economists that Republican tax cuts enacted this year could increase the U.S. government debt load, which has surpassed \$20 trillion.** The tax changes are expected to reduce federal revenue by more than \$1 trillion over the next decade, while a \$300 billion spending deal reached by Congress in February could push the deficit higher.”

“A combination of higher income tax refunds and a drop in the withholding of individual income and payroll taxes led to the reduction in receipts....”

Reports also indicate that errors and glitches in the law are harming farmers, restaurateurs, retailers, and other small business owners. From the New York Times:

“Companies and trade groups are pushing the Treasury Department and Congress to fix the law’s consequences...**including provisions that disadvantage certain farmers, hurt restaurateurs and retailers and could balloon the tax bills of large multinational corporations....**Among the problematic portions to emerge so far is what has become known as the ‘grain glitch.’ A late change to the legislation...it has caused an **uproar among independent agriculture businesses that say they can no longer compete with cooperatives, since farmers would choose to sell to cooperatives to take advantage of the more generous tax break.**”

“Thomas Lien Jr., of Dakota Mill and Grain in Rapid City, S.D., said that he already regretted the \$20 million investment his business made last year to build a shuttle loader grain elevator for moving large quantities of grain because farmers were now only interested in selling to cooperatives. Now he wondered how his business and others like it could survive. **‘It’s going to drive investments in rural America away,’** Mr. Lien said. ‘We can’t compete.’”

“Restaurants and retailers are also concerned about a drafting error that will mitigate the tax benefits they receive when renovating....**Because of a mistake in the writing of the bill, the cost of these investments must be deducted over 39 years, diminishing the intended benefit.**”