June 15, 2017

Re: Unions Request Cosponsoring "Carried Interest Fairness Act of 2017" (S. 1020)

Dear Senator,

Our 23 undersigned national labor unions urge you to cosponsor "Carried Interest Fairness Act of 2017" (S. 1020), which would eliminate an unfair federal tax loophole that benefits a tiny sliver of the wealthiest 1% by ensuring multimillionaire hedge fund managers and private equity fund managers pay their fair share of taxes. We oppose fund managers receiving this tax break and paying a lower marginal tax rate on their carried interest income than tens of millions of other workers pay on wages. We request you cosponsor S. 1020 to stand with our union members, who seek tax fairness.

Our unions and union members strongly support S. 1020 because it stops taxing fund managers' income on their so-called "carried interest" earnings differently – at the reduced tax rate of only 20% - than wages or ordinary income. This 20% tax rate is unfair because it's far below the marginal tax rates on ordinary income of up to 39.6% paid by other taxpayers, including tens of millions of U.S. workers. The wider public also opposes this tax loophole. For example, according to 2016 polling by Lake Research Partners and 2015 reports by Bloomberg News and Hart Research Associates, 68% support eliminating this loophole. Ending this loophole is also 1 of 5 key policy goals of the "Take on Wall Street" (TOWS) coalition, which our unions proudly endorse. Americans are concerned this loophole is wasteful and too costly. In 2015, Congress' Joint Committee on Taxation (JCT) estimated the identical 2015 bill would raise $15.6 billion (10 years). Other tax experts estimate it would raise up to $180 billion (10 years). Americans support investing these tax expenditures more effectively by strengthening vital public services like education, health care, and job training; or modernizing America's transit systems, schools, and infrastructure.

This loophole almost exclusively benefits a tiny group of billionaires and multimillionaires. The contrast with working families is disturbing. For example, while Forbes estimates the total 2016 income of the top 25 hedge fund managers was $10.9 billion, the total 2016 income of America's 151,000 kindergarten teachers was far less at $8.4 billion. The tax loophole is so egregious, the opposition is bipartisan. Both President Obama and President Trump along with former presidential candidates Hillary Clinton and Jeb Bush proposed eliminating it. Former Ways and Means Committee Chair, Rep. Dave Camp (R-MI), proposed ending this loophole in his comprehensive draft "Tax Reform Act of 2014"; and former Ways and Means Chair, Rep. Levin (D-MI), sponsors the current House bill.

On behalf of millions of our unions' working families and retirees, we urge you to cosponsor "Carried Interest Fairness Act of 2017" (S. 1020). We need your support to achieve tax fairness.

Sincerely,

- American Federation of Labor-Congress of Industrial Organizations (AFL-CIO)
- American Federation of State, County and Municipal Employees (AFSCME)
- American Federation of Teachers, AFL-CIO (AFT)
- American Federation of Government Employees (AFGE)
- American Postal Workers Union (APWU)

- Amalgamated Transit Union (ATU)
- Communications Workers of America (CWA)
- Department for Professional Employees, AFL-CIO (DPE)
- International Association of Machinists and Aerospace Workers (IAM)
- International Brotherhood of Boilermakers (IBB)
- International Federation of Professional and Technical Engineers (IFPTE)
- International Union of Operating Engineers (IUOE)
- National Association of Letter Carriers (NALC)
- National Education Association (NEA)
- National Federation of Federal Employees (NFFE)
- National Postal Mail Handlers Union (NPMHU)
- Service Employees International Union (SEIU)
- Transportation Trades Department, AFL-CIO (TTD)
- International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)
- UNITE HERE
- United Food and Commercial Workers International Union (UFCW)
- United Mine Workers of America (UMWA)
- United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW)

For more information, please contact:

AFSCME's Marc Granowitter (at 202-429-1157 or mgranowitter@afscme.org) or any union above.

June 15, 2017

Re: Unions Request Cosponsoring "Carried Interest Fairness Act of 2017" (H.R. 2295)

Dear Representative,

Our 23 undersigned labor unions urge you to cosponsor "Carried Interest Fairness Act of 2017" (H.R. 2295), which would eliminate an unfair federal tax loophole that benefits a tiny sliver of the wealthiest 1% by ensuring multimillionaire hedge fund managers and private equity fund managers pay their fair share of taxes. We oppose fund managers receiving this tax break and paying a lower marginal tax rate on their carried interest income than tens of millions of other workers pay on wages. We request you cosponsor H.R. 2295 to stand with our union members, who seek tax fairness.

Our unions and union members strongly support H.R. 2295 because it stops taxing fund managers' income on their so-called "carried interest" earnings differently – at the reduced tax rate of only 20% - than wages or ordinary income. This 20% tax rate is unfair because it's far below the marginal tax rates on ordinary income of up to 39.6% paid by other taxpayers, including tens of millions of U.S. workers. The wider public also opposes this tax loophole. For example, according to 2016 polling by Lake Research Partners and 2015 reports by Bloomberg News and Hart Research Associates, 68% support eliminating this loophole. Ending this loophole is also 1 of 5 key policy goals of the "Take on Wall Street" (TOWS) coalition, which our unions proudly endorse. Americans are concerned this loophole is wasteful and too costly. In 2015, Congress' Joint Committee on Taxation (JCT) estimated the identical 2015 bill would raise $15.6 billion (10 years). Other tax experts estimate it would raise up to $180 billion (10 years). Americans support investing these tax expenditures more effectively by strengthening vital public services like education, health care, and job training; or modernizing America's transit systems, schools, and infrastructure.

This loophole almost exclusively benefits a tiny group of billionaires and multimillionaires. The contrast with working families is disturbing. For example, while Forbes estimates the total 2016 income of the top 25 hedge fund managers was $10.9 billion, the total 2016 income of America's 151,000 kindergarten teachers was far less at $8.4 billion. The tax loophole is so egregious, the opposition is bipartisan. Both President Obama and President Trump along with former presidential candidates Hillary Clinton and Jeb Bush proposed eliminating it. Former Ways and Means Committee Chair, Rep. Dave Camp (R-MI), proposed ending this loophole in his comprehensive draft "Tax Reform Act of 2014"; and former Ways and Means Chair, Rep. Levin (D-MI), sponsors the current House bill.

On behalf of millions of our unions' working families and retirees, we urge you to cosponsor "Carried Interest Fairness Act of 2017" (H.R. 2295). We need your support to achieve tax fairness.

Sincerely,

- American Federation of Labor-Congress of Industrial Organizations (AFL-CIO)
- American Federation of State, County and Municipal Employees (AFSCME)
- American Federation of Teachers, AFL-CIO (AFT)
- American Federation of Government Employees (AFGE)
- American Postal Workers Union (APWU)

- Amalgamated Transit Union (ATU)
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- International Association of Machinists and Aerospace Workers (IAM)
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- National Association of Letter Carriers (NALC)
- National Education Association (NEA)
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- National Postal Mail Handlers Union (NPMHU)
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- International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)
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