MILLIONAIRES SURTAX

EXTREME WEALTH IS DISRUPTING OUR DEMOCRACY

"You can have concentrated wealth in the hands of a few or democracy. But you can't have both."
-- Louis Brandeis, Associate Justice of the U.S. Supreme Court, 1916-1939

Levying a **Millionaires Surtax** of 10-percentage points on the income of the richest 0.2% will raise $635 billion for public investments, according to the Tax Policy Center—a substantial investment towards creating an economy that works for all of us. But its benefits will not be exclusively economic. A Millionaires Surtax will also help protect our democracy from the distortions caused by extreme concentrations of wealth.

"Excessive Wealth Disorder (EWD)"—a condition best exemplified by the three richest Americans (Jeff Bezos, Bill Gates and Warren Buffet) holding as much wealth as the whole bottom half of American society[1]—is undermining our democracy and civic life. That's because "sufferers" of EWD translate their riches into political power through lobbying and campaign donations.

This exercise of outsized influence by the wealthiest Americans effectively disenfranchises the rest of us, diminishing our vote at the ballot box and drowning out our voice in the public square. They use their wealth and power to rig the rules of the economy, warp the priorities of lawmakers, and block necessary reforms.

OUTSIZED POLITICAL INFLUENCE OF THE VERY WEALTHY

As wealth has concentrated in fewer hands over the last three decades, political giving in federal elections has become progressively more top heavy.

- The share of donations coming from the top-contributing 0.01% of donors—the 1% of the 1%—nearly tripled between 1980 and 2012, from 15.5% in 1980 to 41.8% in 2012.[2]

- In the **2014 election cycle**, just 31,976 donors—roughly 0.01% of the population—accounted for $1.18 billion in disclosed federal political contributions to candidates and committees. This represented 29% of all donations, up from 21% in the 2010 cycle. A single donor gave a staggering $73 million.[3]

- In the **2016 presidential election**, $2.14 billion was raised by candidates and super PACs, of which 30% ($643 million) came from super PACs. Super PACs are the deepest-pocketed special interests in Washington.[4] They may raise unlimited campaign cash from the wealthy, corporations, unions and associations, and spend unlimited sums supporting or advocate for or against political candidates.

- **In the 2018 election cycle**:
  - The top 100 donors contributed nearly $800 million to candidates, party committees and other entities.[5] This was 14% of the $5.7 billion in donations.[6] Casino magnate Sheldon Adelson and his wife spent $123 million alone (a figure that would be higher if their "dark money" contributions were known and counted). Michael Bloomberg contributed at least $95 million.[7]
  - The top 100 donors also accounted for 78% of the nation's super PAC contributions.[8]
  - Just 2,547 donors gave more than $100,000 each to multiple candidates and PACs, a total of $1.35 billion.[9]

CASE STUDY OF MONEY INFLUENCING LEGISLATION: THE TRUMP-GOP TAX CUTS

The passage of the Trump-GOP tax cuts in December 2017 is a case study in the power of concentrated wealth to enact an unpopular plan that primarily benefits the very wealthy and a handful of global corporations. The Republican tax law was a great gift to major donors: a 40% cut in the corporate tax rate; a 20% exclusion from tax of the profits of non-corporate businesses, largely benefitting the richest 1% of business owners; a reduction of the top marginal income tax rate; a weakening of the estate tax; and more.

- In June 2017, the Koch Brothers' network was crystal clear about the fallout if Congress failed to pass the tax cut legislation: "If they don't make good on these promises [for tax reform] ... there are going to be consequences, and quite frankly there should be," said Sean Lansing, chief operating officer of the Koch network's political arm, Americans For Prosperity. The Koch brothers spent at least $20 million lobbying for the Trump tax cut that personally saved them up to $1.4 billion.[10]

- During the 2017 tax debate, 62%, or more than 7,000, of the 11,000 registered lobbyists in Washington were working on tax issues.[11] They were overwhelmingly employed by corporations and business groups. It was money well spent, as corporations got a huge 40% cut in their tax rate (dropping from 35% to 21%) from the tax law. Corporate tax receipts fell by almost a third in the first fiscal year after the law was enacted,[12] and continued to fall during the first half of the next fiscal year, hitting 50-year lows.[13] Moreover, 60 profitable Fortune 500 companies paid no federal income taxes in 2018 under the new tax law (and many got tax refunds)—a huge increase from previous years.[14]

- The clout of wealthy donors in the tax debate can be judged by these quotes from leading Republicans and their allies before the passage of the tax law in December 2017:

  - **Sen. Cory Gardner (R-CO), chairman of the National Republican Senatorial Committee:** In a private meeting of GOP senators in mid-September 2017, Gardner said, "Donors are furious ...We haven't kept our promise [on the Affordable Care Act and taxes]."[15]

  - **Sen. Lindsey Graham (R-S.C.):** In November 2017, he told an NBC News reporter "financial contributions will stop" if tax reform did not pass.[16]

  - **Rep. Chris Collins (R-N.Y.)** In November 2017, Collins related what he was hearing from his financial backers about the tax legislation: "My donors are basically saying, 'Get it done or don't ever call me again."'[17]

  - **Rep. Dave Brat (R-Va.):** In June 2017 he forecast a bleak result for the GOP in the midterm elections if the tax bill did not pass: "We don't get taxes through, we're all going home. Pack the bags."[18]

  - **Steven Law, president of the Senate Leadership Fund:** This chief of the leading senate GOP super PAC affiliated with Majority Leader Mitch McConnell said in November 2017: "Tax reform is a must-do for Republicans. … [Donors] would be mortified if we didn't live up to what we've committed to on tax reform."[19]

Former president Jimmy Carter has described the "essence" of the U.S. presidential selection process as the workings of an "oligarchy" using "unlimited political bribery."[20] Adequately taxing the wealthiest Americans is an essential first step towards reducing the power of that un-American oligarchy.

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