

Congress of the United States
Washington, DC 20515

April 28, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and Minority Leader Schumer,

We are writing to call your attention to an enormous giveaway to the wealthy that Senate Republicans buried into the CARES Act and to urge you to join us in insisting that the provision be repealed in the next coronavirus bill that Congress considers.

The CARES Act provided \$100 billion in much needed support to hospitals. It provided \$150 billion in equally needed funding to states and local governments. We strongly support these provisions.

What we don't support is the indefensible tax cut—unrelated to the coronavirus crisis—that provided an even larger amount to wealthy individual business owners, such as real estate developers and hedge fund owners. At the request of Senator Sheldon Whitehouse (D-RI) and Congressman Lloyd Doggett (D-TX), the Joint Committee on Taxation has estimated this provision will cost \$135 billion over the next ten years. Some experts think the windfall could be even higher, potentially as much as \$500 billion. According to the Joint Committee on Taxation, the provision will cost \$86 billion in 2020 alone, the vast majority of which (over 80%) will go to taxpayers with more than \$1 million in income.

No strings are attached in this immense windfall for the wealthy. There are no requirements that the beneficiaries of the loophole use the tax savings to retain their employees or contribute in any other way to the response or recovery effort. In fact, the individual business owners can file for immediate refunds based on paper losses booked years before the coronavirus epidemic even occurred.

The House was not aware of this provision when it passed the emergency legislation; no hearings were held on this provision; and it helps those who need help the least while not fully funding the critical needs of doctors, nurses, workers, and state and local governments.

Given those critical needs, it is essential that this provision be repealed immediately. Senate Republicans could then hold a hearing on this change to tax law and demonstrate to the American people why this \$135 billion tax cut for America's wealthiest real estate developers and hedge fund owners is a national priority.

There is precedent for this type of action. In 1997, Congress passed comprehensive balanced budget legislation. Only after President Clinton signed the law was it discovered that Senate Republicans had snuck a \$50 billion tax break for tobacco companies into the bill. Public outrage forced Congress to repeal that unjustified gift to the tobacco companies within one month.

We need to do exactly that now and insist this provision be repealed in the next bill we consider.

Sincerely,



Rosa L. DeLauro
Member of Congress



Steve Cohen
Member of Congress

SIGNATORIES

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Carolyn B. Maloney
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Al Lawson
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Rashida Tlaib
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