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November 14, 2017

## Oppose House tax bill, H.R. 1

Dear Representative,

On behalf of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the rights of all persons in the United States, I write to urge you to vote against H.R. 1, the "Tax Cuts and Jobs Act."

The House tax proposal is an example of Robin Hood in reverse: it would provide large tax cuts for millionaires, billionaires, and wealthy corporations at the expense of working families, including many people of color. It would add more than a trillion dollars to the deficit and lead to cuts to critical programs that sustain working families, including Medicaid, Social Security, Medicare, and education programs like Head Start. It also includes punitive anti-immigrant provisions that would hurt millions of children and contains proposals that would harm working families in the name of eliminating tax deductions to offset tax cuts for the wealthy. Moreover, the consideration of this bill thus far has lacked sufficient process, with proponents of this tax plan racing the bill through committee, leaving most people in our nation in the dark about what changes are actually proposed and how it will impact them, their families, and their communities. The Congressional Budget Office has said that a full analysis of the economic effects of the House tax cut proposal will not be available quickly, and may even be unavailable prior to a floor vote should that occur later this week. It is highly irresponsible for House majority leadership to rush the passage of a bill that would have such a dramatic impact on our economy for generations to come without adequate analysis and thorough consideration.

Rather than ramming through a partisan tax bill, The Leadership Conference urges members of Congress to instead work in a bipartisan manner to produce a tax proposal that is fiscally responsible, based in sound policy and economic analysis, and that will lead to opportunity and economic security for all of us and not just the wealthy few.

### Cuts to Medicaid, Social Security, education, and other critical programs to pay for tax cuts for the wealthy

The civil and human rights community is deeply concerned about the ability of the federal government to be able to invest in our people and communities. When policymakers starve



the federal government of revenue, it is unable to make critical investments in education, affordable housing, healthcare, and infrastructure in underserved communities throughout our nation. And when policymakers starve the federal government in ways that further benefit millionaires, billionaires, and wealthy corporations at the expense of working families, our nation suffers and income inequality worsens. In February, when he was going through the confirmation process to be Treasury Secretary, Steven Mnuchin pledged that “there would be no absolute tax cut for the upper class.”<sup>1</sup> Congress and the Trump Administration must keep this promise.

All the communities The Leadership Conference represents have a tremendous stake in the outcome of the ongoing debate around taxes, and ensuring there is adequate revenue to fund critical programs that sustain working families. The House tax plan would increase the federal deficit by at least \$1.5 trillion over 10 years. Ultimately, we believe that passage of such a tax plan would inevitably lead to calls for massive cuts to both mandatory and non-defense discretionary spending, including Medicaid, SNAP, and college aid, which would have a disproportionate impact on communities of color, women, people with disabilities and low-income people.

Finally, The Leadership Conference believes that we must all pay our fair share. While much of the focus has been on cutting the corporate tax rate, this should not be paid for by cuts to programs that working families depend on. Many seem to believe that the corporate tax rate of 35 percent is too high, and that it stifles investment. The truth however is that most companies pay far less than the 35 percent statutory rate because of a myriad of tax loopholes. The U.S. Treasury Department has found that the average effective tax rate for corporations is just 23 percent.<sup>2</sup> Moreover, today corporate taxes are the source of only \$1 out of \$9 of federal revenue. By contrast, 65 years ago \$1 out of every \$3 in federal revenue came from corporate taxes.<sup>3</sup> Our tax policy should be guided by fairness and creating opportunity for all of us.

### Child tax credit

In addition to these significant concerns, The Leadership Conference is strongly opposed to an anti-immigrant provision of the House tax bill that would take the Child Tax Credit (CTC) from 3 million children.<sup>4</sup> The House plan would require a Social Security number (SSN) to file for the CTC, so children whose parents file their taxes with an Individual Tax Identification Number (ITIN) would no longer be eligible for this poverty fighting tax credit. Eighty percent of the children who would be harmed by this

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<sup>1</sup> Cohen, Patricia, “Treasury Nominee Vows No Tax Cut for Rich. Math Says the Opposite.” *New York Times*. Feb. 9, 2017.

<https://www.nytimes.com/2017/02/09/business/economy/mnuchin-rule-tax-cut.html>

<sup>2</sup> Faler, Brian. “Why corporate tax reform is so messy.” *Politico.com*. May 31, 2017.

<https://www.politico.com/tax/story/2017/05/tax-reform-messy-157465>

<sup>3</sup> “The Six Worst Features of Donald Trump’s Tax Plan.” *Americans For Tax Fairness*. Nov. 28, 2016.

<https://americansfortaxfairness.org/the-six-worst-features-of-donald-trumps-tax-plan/>

<sup>4</sup> Marr, Chuck, Chye-Ching Huang, Arloc Sherman, and Emily Horton. “House Tax Bill’s Child Tax Credit Increase Excludes Thousands of Children in Low-Income Working Families in Every State.” Center on Budget and Policy Priorities. Nov. 9, 2017.

<https://www.cbpp.org/research/federal-tax/house-tax-bills-child-tax-credit-increase-excludes-thousands-of-children-in-low>



proposal were born in the United States and are U.S. citizens, and the other 20 percent are Dreamers.<sup>5</sup> This is not a program integrity measure; it is an anti-immigrant measure, and it should be repudiated.

The House CTC plan also leaves behind children from low-income families while providing benefits to wealthier families. The Center on Budget and Policy Priorities has found that the proposal would:

[C]ompletely exclude 10 million children whose parents work for low pay—about 1 in 7 of all U.S. children in working families, including thousands of children in every state. Another 13 million children in working families would receive less than the full \$600-per-child increase in the credit (in most cases, much less). Altogether, 1 in 3 children in working families would either be excluded entirely or only partially benefit from the CTC increase.<sup>6</sup>

While these 23 million children from low- and moderate-income families would be partially or completely let out of the House's proposed expansion of the CTC, the tax credit would be newly accessible for wealthier families. Indeed, married couples with two children making between \$150,000 and \$294,000 would qualify. This policy proposal would exacerbate income inequality in our nation and leave behind millions of children from working families. We can and should do better.

#### Mortgage deduction & affordable housing

Our country faces a continuing, unmet need for access to affordable housing. In 2015, the Urban Institute found that there was not a single county in the United States that could meet the need of all its low-income residents for affordable housing.<sup>7</sup> Only one in four low-income families that are eligible for assistance receive it.<sup>8</sup> Communities of color are disproportionately impacted by the lack of affordable housing.

Should Congress ultimately reduce the mortgage interest deduction in its tax plan, The Leadership Conference believes that any savings should go directly into addressing the unmet need for access to affordable housing rather than being used to offset the cost of tax cuts for wealthy corporations, millionaires, and billionaires.

#### Johnson Amendment

The amended tax bill voted out of the House Committee on Ways and Means includes language that would repeal the Johnson Amendment. The Leadership Conference opposes its repeal.

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<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Gordon, Claire. "Not a single U.S. county has enough affordable housing." Fortune.com. June 19, 2015. <http://fortune.com/2015/06/19/affordable-housing/>

<sup>8</sup> Poethig, Erika C. "One in four: America's housing assistance lottery." Urban Wire: Housing and Housing Finance. May 28, 2014.

<https://www.urban.org/urban-wire/one-four-americas-housing-assistance-lottery>



The Johnson Amendment has long prohibited organizations falling under section 501(c)(3) of the federal tax code from partisan politicking. This includes religious organizations, but extends beyond them. As the Religious Action Center of Reform Judaism has noted, since 1954 the Johnson Amendment has “served as a valuable safeguard for the integrity of both religious institutions and the political process.”<sup>9</sup> On April 4, 2017, 99 religious and denominational organizations sent a letter to Congress expressing their strong opposition to any efforts to “weaken or eliminate protections that prohibit 501(c)(3) organizations, including houses of worship, from endorsing or opposing political candidates.”<sup>10</sup> The long-standing restriction that prohibits 501(c)(3) organizations from making statements related to political campaigns or endorsing political candidates should remain in place.

The Leadership Conference believes that H.R. 1 is a deeply flawed bill that sets the stage for massive cuts to programs that are critical to communities of color, women, and people with disabilities. We urge you to oppose this appalling tax cut proposal.

Thank you for your consideration. If you have any questions, please contact Emily Chatterjee, Senior Counsel, at (202) 466-3648.

Sincerely,



Vanita Gupta  
President & CEO

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<sup>9</sup> “Resources on the Johnson Amendment.” Religious Action Center of Reform Judaism. November 14, 2017. <https://rac.org/resources-johnson-amendment>

<sup>10</sup> <http://bjconline.org/wp-content/uploads/2017/04/Letter-from-faith-groups-opposing-politicization-of-houses-of-worship.pdf>