RE: Oppose Rep. John Delaney’s Partnership to Build America Act (H.R.1669)

Dear Representative:

We are writing to you on behalf of the Financial Accountability and Corporate Transparency Coalition (FACT Coalition) to urge you to oppose Rep. John Delaney’s “Partnership to Build America Act” (H.R.1669), which calls for a repatriation tax holiday allowing U.S. multinational corporations to pay no tax on the profits that they’ve booked offshore if a fraction of the money is used to buy bonds in an infrastructure bank.

The FACT Coalition is a non-partisan alliance of more than 100 state, national, and international organizations working toward a fair tax system that addresses the challenges of a global economy and promoting policies to combat the harmful impacts of corrupt financial practices.¹

The Delaney bill offers a costly and unwarranted tax amnesty to some of the most profitable corporations in America. It would permit a small number of multinational corporations — who have abused tax loopholes unavailable to working Americans and small businesses — to escape their obligations to society, thereby requiring domestic corporations, small businesses, and average taxpayers to pick up the tab.

Under this proposal, multinational corporations would be allowed to bring back up to $6 at a zero percent tax rate for every $1 in bonds purchased, with the exact ratio to be determined by an auction. The proposed bidding process would open the door to gaming and collusion. The bonds would further reward tax-dodging multinationals by paying them interest. Contrary to proponents’ claims, the bonds would not offer a cost-free way to capitalize an infrastructure bank. The bill instead offers multinationals a tax cut worth up to $105 billion to capitalize a $50 billion bank.

While an infrastructure bank capitalized through traditional government expenditures could help finance needed infrastructure investment, an infrastructure bank capitalized in the manner set out in the bill would, over time, undermine our ability to make public investments by further incentivizing aggressive offshore tax avoidance. This bill would not solve a problem; it would make current problems worse.

The tax amnesty would also reward those who have most-abused corporate tax loopholes — shifting profits on paper to offshore subsidiaries in tax havens where they pay little or no tax. Many of these

¹ For a full list of FACT members, see: https://thefactcoalition.org/about/coalition-members-and-supporters/
offshore subsidiaries have few, if any, employees and no meaningful operations or physical presence beyond a post office box. In addition, it would favor a very narrow corporate sector. Because so few U.S. corporations keep substantial funds offshore, when Congress last offered a tax holiday in 2004, just .015 percent of U.S. companies took advantage of it, with 15 large companies accounting for half of the offshore cash repatriated, according to the Senate Permanent Subcommittee on Investigations (PSI).

History has shown that this type of tax amnesty scheme will not create U.S. jobs or spur additional investment. The 2004 repatriation holiday was justified on those grounds, but proved to be a failure. Many of the companies that benefitted most actually reduced the number of their U.S. employees over the following two-year period, and there were no investments in production capacity or research and development, according to the Senate PSI. Instead, a study by the National Bureau of Economic Research found that 92 percent of the cash that was repatriated paid for dividends, stock buybacks, or executive bonuses — funds that primarily benefited corporate executives and fueled income inequality. The bill pretends to mitigate some of the likely damage to the U.S. Treasury by tying a fraction of the repatriated dollars to the purchase of bonds in the new infrastructure bank. However, the bill also proposes to pay interest on those bonds, while the remainder of the profits will be repatriated tax-free with no expected benefits to the economy from this giveaway to a small number of the best-connected and most-profitable companies.

If the same multinationals were simply required to pay the tax they already owe on their offshore profits, they would contribute as much as $767 billion in taxpayer revenues — enough to pay for a robust infrastructure program without the debt represented by interest-paying bonds and without turning over an infrastructure bank to the very companies whose tax dodging has made federal investment so difficult.

Instituting another tax amnesty instead — as this proposal does — would simply encourage corporations to be even more aggressive in moving jobs and profits offshore in anticipation of a future tax amnesty, losing even more taxpayer revenue and adding to the deficit. In fact, the 20 companies that repatriated the most earnings under the 2004 holiday are among those that have most aggressively moved profits offshore in anticipation of the next holiday. Fortune 500 companies now have over $2.6 trillion parked in offshore bank accounts — more than double the amount held offshore in 2009.

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3 Ibid.
4 Ibid.
6 Ibid.
Again, we urge you to reject Rep. Delaney’s Partnership to Build America Act (H.R.1669). The bill would enable highly profitable, multinational corporations to escape their tax obligations and gain access to interest-paying bonds, while shifting more of the tax burden onto working Americans, small businesses, and wholly domestic firms.

A better approach would be to close the loopholes that now enable corporations to indefinitely defer paying the taxes they owe and encourage the offshoring of corporate profits, operations, and jobs. Ending deferral alone could generate over a trillion dollars in revenues that could pay for infrastructure without giving multinational corporations an unwarranted tax amnesty or interest-generating bonds.

Thank you for your consideration. For more information, please contact Clark Gascoigne at cgascoigne@thefactcoalition.org.

Sincerely,

Gary Kalman
Executive Director
The FACT Coalition

Clark Gascoigne
Deputy Director
The FACT Coalition

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### Organizational Members

#### National/International

- ActionAid USA
- Americans for Democratic Action
- American Federation of Labor – Congress of Industrial Organizations (AFL-CIO)
- American Federation of State, County and Municipal Employees (AFSCME)
- American Sustainable Business Council
- Campaign for America’s Future
- Center for Economic and Social Rights (CESR)
- Citizens for Responsibility and Ethics in Washington (CREW)
- Citizens for Tax Justice
- EarthRights International
- EG Justice
- Enough Project
- Fair Share
- Fair Share Education Fund
- Financial Transparency Coalition
- Friends of the Earth U.S.
- Global Financial Integrity
- Global Witness
- Government Accountability Project
- Institute for Policy Studies – Program on Inequality and the Common Good
- Institute on Taxation and Economic Policy
- JPIC Ministry – Missionary Oblates
- Jubilee USA Network
- Leadership Conference of Women Religious
- The Main Street Alliance
- National Priorities Project
- New Rules for Global Finance
- OpenTheGovernment.org
- Oxfam America
- Pacific Environment
- Polaris
- Project On Government Oversight (POGO)
- Public Citizen
- Sargent Shriver National Center on Poverty Law
- Service Employees International Union (SEIU)
- Small Business Majority
- Tax Justice Network USA
- U.S. Public Interest Research Group (PIRG)
- U.S. Public Interest Research Group (PIRG) Education Fund
- U.S. UNCUT

#### State/Local

- **Arizona**
  - Arizona Fair Share
  - Arizona Public Interest Research Group
- **California**
  - California Fair Share
  - California/Venezuela Region – Religious Sisters of Charity
  - California Public Interest Research Group
  - Jubilee Bay Area
  - Main Street Alliance of California
- **Colorado**
  - Colorado Fair Share
  - Colorado Main Street Alliance
  - Colorado Public Interest Research Group
- **Connecticut**
  - Connecticut Fair Share
  - Connecticut Public Interest Research Group
- **Delaware**
  - Delaware Americans for Democratic Action (Delaware ADA)
- **Florida**
  - Florida Fair Share
  - Florida Public Interest Research Group
  - Main Street Alliance of Florida
- **Georgia**
  - Georgia Fair Share
  - Georgia Public Interest Research Group
- **Idaho**
  - Idaho Main Street Alliance
- **Illinois**
  - Citizen Action / Illinois Illinois Fair Share
  - Illinois Public Interest Research Group
- **Iowa**
  - Iowa Citizen Action Network
  - Iowa Citizens for Community Improvement
Iowa Fair Share
Iowa Farmers Union
Iowa Main Street Alliance
Move to Amend – Iowa Chapter

Kentucky
Kentucky Fair Share

Minnesota
Main Street Alliance of Minnesota
Minnesota Fair Share

Maine
Maine Small Business Coalition

Maryland
Maryland Fair Share
Maryland Public Interest Research Group

Massachusetts
Massachusetts Fair Share
Massachusetts Public Interest Research Group

Michigan
Michigan Fair Share
Michigan Public Interest Research Group

Missouri
Missouri Public Interest Research Group

Montana
Montana Fair Share
Montana Small Business Alliance

Nevada
Nevada Fair Share

New Hampshire
New Hampshire Fair Share
New Hampshire Public Interest Research Group

New Jersey
New Jersey Main Street Alliance
New Jersey Public Interest Research Group

New Mexico
New Mexico Public Interest Research Group

North Carolina
Fair Share in North Carolina
North Carolina Public Interest Research Group

North Dakota
North Dakota Fair Share

Ohio
Ohio Fair Share
Ohio Public Interest Research Group
Main Street Alliance of Ohio

Oregon
Jubilee Oregon
Main Street Alliance of Oregon
Oregon Fair Share
Oregon State Public Interest Research Group

Pennsylvania
Pennsylvania Fair Share
Pennsylvania Public Interest Research Group
SEIU Local 668, Pittsburgh, PA
UFCW Local 23, Western PA

South Carolina
South Carolina Small Business Chamber of Commerce

Texas
Texas Fair Share
Texas Public Interest Research Group

Vermont
Main Street Alliance of Vermont

Virginia
Virginia Fair Share
Main Street Alliance of Virginia

Washington (State)
Main Street Alliance of Washington
Washington Public Interest Research Group

Wisconsin
Wisconsin Fair Share
Wisconsin Public Interest Research Group

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