

March 25, 2019

24 Labor Unions Request Senators Cosponsor “Carried Interest Fairness Act”, S. 781

Dear Senator,

The 24 undersigned national labor unions request you cosponsor the “Carried Interest Fairness Act of 2019” (S. 781) to help end an unfair federal tax loophole that benefits a tiny sliver of the wealthiest 1% - multimillionaire hedge fund managers and private equity fund managers. Congress should not allow these fund managers to receive this tax break on carried interest for managing others’ high dollar investments and thereby pay a lower marginal tax rate on this carried interest income than tens of millions of working families pay on wages and ordinary income. It’s time to unrig the economy and insist everyone pay their fair share. We urge you to cosponsor S. 781 and to stand with our union members, who seek tax fairness.

Our unions and members endorse S. 781 because it would stop taxing fund managers’ income on their “carried interest” earnings at a special reduced tax rate of only 20%, which is below standard marginal tax rates on wages paid by millions of workers. Moreover, this special low 20% tax rate is far below standard tax rates of up to 37%, which the wealthy otherwise pay on wages. S. 781 also treats carried interest compensation as wages and thus applies employment taxes.

For years of polling, a majority of public opinion has supported ending this loophole—ranging from a simple majority to more than two-thirds of Americans. Public opposition grew so strong that both President Trump and President Obama as well as former presidential candidates Hillary Clinton and Jeb Bush each campaigned to end the loophole. On August 8, 2016, President Trump promised, “we will eliminate the carried interest deduction and other special interest loopholes that have been so good for Wall Street investors, and people like me, but unfair to American workers” and Trump said hedge fund managers are “getting away with murder” partly because the carried-interest loophole minimizes their taxes. Americans are troubled the loophole almost exclusively benefits millionaire fund managers at expense of workers. For example, while Forbes estimates total 2017 income of the top 25 hedge fund managers was \$16.8 billion, total 2016 income of America’s 151,000 kindergarten teachers was roughly half at \$8.4 billion.

In December 2018, Congress’ Joint Committee on Taxation estimated taxing carried interest as ordinary income would raise \$14 billion (10 years). Other tax experts estimate it would raise up to \$180 billion (10 years). Americans support capturing these tax expenditures to invest them more effectively by strengthening vital public services like education, health care, job training; or modernizing U.S. transit systems, schools, and infrastructure.

Millions of our unions’ working families and retirees request you cosponsor the “Carried Interest Fairness Act of 2019” (S. 781). We need your help to enact 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 Government Employees (AFGE)
- American Federation of Teachers, AFL-CIO (AFT)
- 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 Brotherhood of Teamsters (IBT)
- International Federation of Professional and Technical Engineers (IFPTE)
- National Association of Letter Carriers (NALC)
- National Education Association (NEA)
- National Federation of Federal Employees (NFFE)
- National Postal Mail Handlers Union (NPMHU)
- Professional Aviation Safety Specialists (PASS)
- 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)