

**To:** Interested Parties  
**From:** Lael Brainard  
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**Re:** House Republican Tax Bills

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Just days after President Biden brought both parties together to secure a [bipartisan budget agreement](#) and prevent a catastrophic default, House Republicans are now focusing on cutting taxes for large corporations and setting the stage for even larger tax cuts skewed to corporations and the wealthy.

**Tomorrow’s Ways and Means Committee mark-up will further underscore the contrast between House Republicans’ and President Biden’s economic policies. After spending months fighting to gut programs that hard-working families count on in the name of “fiscal responsibility,” House Republicans are now advancing a [package](#) of expensive business tax cuts—tax cuts that, if made permanent, would add more than [\\$500 billion](#) to deficits. The package also lays the groundwork for House Republicans’ larger goal of extending all the expiring provisions from President Trump’s tax law, which would add [over \\$2.5 trillion](#) more to the deficit.**

As this memo lays out, the upcoming mark-up and other recent actions and statements make clear:

- House Republicans want to spend hundreds of billions of dollars on tax cuts for big corporations, and undermine efforts to tax the profits of the largest multinational companies, while hampering efforts to address tax evasion by wealthy people and businesses. Notably, they are proposing to restore expired corporate tax cuts retroactively to 2022, even though – since businesses have made all their investment decisions for 2022 – these retroactive tax cuts are a pure windfall.
- In a tax package that restores expensive tax breaks for corporations, they are refusing to restore expired Child Tax Credit (CTC) improvements that helped cut child poverty in half or Earned Income Tax Credit (EITC) improvements that created breathing room for low-wage workers.
- Their tax package pays for some of its corporate tax cuts by repealing tax incentives for clean energy investment and jobs and clean energy tax credits that reduce the cost of living for middle-class families.
- After spending months advancing deep cuts to programs hard-working families count on, Speaker McCarthy and House Republicans are now proposing a commission that would examine cuts to Social Security, Medicare, and Medicaid, among other programs.

Unlike House Republicans’ plan, President Biden’s tax plan grows the economy from the middle out and bottom up. It would cut taxes for working people and families with children by [almost \\$800 billion](#) over 10 years by restoring the enhanced CTC and EITC, continuing Premium Tax Credit improvements that are helping nearly 15 million people afford health care, and improving the Adoption Tax Credit. And it would pay for these tax cuts and build on the bipartisan budget agreement with an additional \$2.5 trillion in deficit reduction by making the wealthy and corporations pay their fair share and [cutting wasteful spending](#) on special interests.

## House Republican Tax Priorities

Based on the [legislation](#) the Ways and Means Committee will consider, other recent [legislation](#) introduced by Ways and Means Committee Chair Jason Smith and all Committee Republicans, and recent statements, House Republicans are advancing the following tax priorities:

- **Restoring expired business tax breaks worth over \$500 billion over 10 years and adding new ones.** In crafting the Tax Cuts and Jobs Act (TCJA) under President Trump, Congressional Republicans deliberately sunset several major business provisions to artificially lower the law's true cost and enact a bigger corporate rate cut. The Ways and Means Committee will vote on a bill restoring three of these policies: immediate write-offs for many business investments, broader deductibility of business interest expenses, and immediate expensing of research and experimentation expenditures. The proposal restores expired tax cuts retroactively to 2022, even though—since businesses have made all investment decisions for 2022—these retroactive tax cuts are a pure windfall. The Ways and Means legislation repeats the strategy that Congressional Republicans and President Trump used in 2017 of sunsetting policies to conceal their true cost. But as their extension in this legislation clearly demonstrates, the goal is to make them permanent, which would cost [over \\$500 billion](#).

The Committee will also vote on a set of additional business tax cuts totaling over \$50 billion and on policies that would lead to over \$20 billion in lost revenue due to tax evasion by weakening requirements for businesses to provide information to the IRS on their activities. Meanwhile, Speaker McCarthy [insisted last week](#) that House Republicans will continue working to repeal IRS funding provided through the Inflation Reduction Act, which will strengthen tax compliance by wealthy people and businesses and raise hundreds of billions of dollars in revenue.

- **Setting the stage for extending the remaining Trump tax cuts.** By extending the business tax provisions through 2025, the Ways and Means Committee bills align their expiration with the TCJA's major individual income and estate tax cuts. [Speaker McCarthy](#) and other [House leaders](#) have been clear that their goal is to extend all of these provisions without paying for them—which would cost [over \\$2.5 trillion more](#), on top of the business provisions, while providing tax cuts averaging [about \\$175,000](#) a year to the top 0.1 percent of American households (those with incomes over \$4 million). While the President supports a fiscally responsible approach to continuing current tax policies for people making less than \$400,000 per year, House Republicans have made clear they will oppose paying for middle-class tax cuts by asking the wealthy and large corporations to pay their fair share.
- **Enabling continued profit shifting and tax avoidance by multinational corporations.** While not included in tomorrow's mark-up, Chairman Smith and all Ways and Means Committee Republicans introduced [legislation](#) on May 25 that aims to preserve multinationals' ability to avoid paying taxes through offshoring and profit shifting. Under President Biden's leadership, over 130 countries have agreed to implement a minimum tax on multinationals' foreign earnings, ending the global race to the bottom in corporate tax rates and enabling the United States and its partners to require the world's largest and most profitable companies to pay their fair share. The President's Budget proposes to raise [about \\$500 billion](#) through implementing the minimum tax and related reforms. But Chairman Smith's legislation aims instead to protect a system in which U.S. multinationals have been able to lower their tax rate to just [8 percent](#) by deterring other countries from fully implementing the international agreement.

## House Republican Targets for Tax Increases and Program Cuts

While advancing these expensive proposals to restore expired tax cuts for big corporations and special interests, House Republicans are also advancing proposals to *increase* taxes for companies that invest in the United States and for middle-class families by repealing clean energy tax credits; are refusing to address expired tax benefits for working people and families with children; and are advocating for deep cuts to critical programs millions of hard-working Americans count on.

- **Repealing clean energy tax credits that are spurring investments and creating jobs.** The Ways and Means Committee will vote on a proposal to repeal two of the most critical clean energy tax credits from the Inflation Reduction Act, the Clean Electricity Production Credit and the Clean Electricity Investment Credit. Repealing these provisions would result in less investment in the United States, ship clean energy jobs overseas, raise energy costs for consumers, and severely weaken our ability to [reduce](#) greenhouse gas emissions and combat the climate crisis.
- **Repealing clean energy tax credits for middle class families.** The Ways and Means Committee will also vote on a proposal to eliminate a tax credit for purchases of used electric vehicles and to roll back Inflation Reduction Act improvements to the tax credit for purchases of new electric vehicles. For a middle-class family purchasing a used electric car next year, this could result in a [\\$4,000](#) tax increase compared to current law. A family purchasing a new electric vehicle could face an up to [\\$7,500](#) tax increase.
- **Restoring tax breaks for businesses—but not CTC improvements that helped cut child poverty in half, even though they expired at the same time.** Several major tax breaks expired at the end of 2021—not just expensing of research and experimentation expenses and broader interest deductibility for businesses, but also the enhanced CTC that benefited millions of families with children and helped cut child poverty in half, as well as EITC improvements that provided additional breathing room for some [19 million](#) low-income working people. But the Ways and Means Committee chose not to address expired CTC or EITC improvements. And the individual income tax cut they did include leaves out millions of low-income families and working people and provides much larger tax benefits to higher-income than middle-income people.

Making the CTC fully available to low-income families would cost about the same amount or less per year than expensing of research and experimentation expenses, while lifting about [1.5 million](#) children out of poverty. As the Administration has previously [emphasized](#), the President believes that any bill that cuts taxes for large corporations must also cut taxes for working people and families with children—with a [priority](#) on continuing to reduce child poverty.

- **Pushing deep cuts to critical programs.** Speaker McCarthy has said that he plans to create a [new commission](#) to examine cuts, including to Social Security, Medicare, and Medicaid, and has [called for](#) cuts to food assistance—all of which would end up paying for House Republicans' costly tax agenda.