

Tax Container Three-Pager (April 2023)

The What

For the past year, leading organizers, campaigners, policy experts, and funders from across the tax and revenue field have worked to harness the collective influence of a diverse range of stakeholders into a new, multi-year effort to proactively reshape our tax and revenue systems. What has emerged is a bold initiative – *the Tax Container*- comprised of leaders and representatives from grassroots and state-based collectives, federal policy research organizations, think tanks, and labor unions, and a companion funder group comprised of a broad set of democracy, political, and social policy funders. The effort is innovative for a few reasons:

- First, it represents a level of **alignment around creating more just and equitable tax and revenue systems without modern precedent** in this country. Organizations and individuals who have for decades worked in distinct circles with specific sets of allied organizations have formed new and deeper partnerships and are working together in new and more coordinated ways. This includes recognized experts whose organizational mission is tax and revenue as well as those who don't think of themselves as "tax" people- grassroots networks who organize low-income communities of color, advocacy organizations that advance racial equity and care work, labor unions, and the climate community.
- Second, this effort is anchored in a **proactive strategy and forward-looking vision** that has not previously existed in the (equity/worker-focused) tax and revenue space. Taxes have largely been a character in a conservative, anti-tax story. The NYU Tax Law Center calculates that \$1.8 billion are spent on lobbying around tax policy in the U.S. each year, overwhelmingly by private interest groups seeking to lower their taxes. For example, 55 corporations spent \$450 million on lobbying and campaign contributions and paid no federal corporate income taxes in 2020- a total of \$8.5billion in avoided taxes. Instead, they received \$3.5billion in tax rebates. These entities are already preparing for extended and expanded tax cuts for the wealthy and corporations as key provisions of the 2017 Tax Cuts and Jobs Act expire in the next few years. What is new is that the pro-equity, pro-worker side is now constructing needed infrastructure, the *Tax Container*, to drive towards a clear north star in a multi-year strategy. This doesn't mean that all stakeholders are always using the same tactics or campaigns for the exact same policy, but it does mean they are prepared to work in an aligned and coordinated way, that connects state and federal campaigns and builds public demand for fair tax and revenue policies.
- Third - and perhaps most importantly - this effort is **structured to build power over the long-term** to achieve bigger and bolder outcomes with deep and lasting impact. The fact is that the number one challenge around taxes is that not enough people are talking about it enough of the time, even though tax fairness is directly related to all issues of economic security, democratic civic engagement, and good governance. Most of the chatter around taxes is in the "Beltway" and among elites where it doesn't engage the public or build the constituency needed to win fair tax policy. The grassroots, state, and local groups that organize people where they live, have largely been underfunded for tax work. This effort puts state-based groups with the capacity to organize in the driver seat alongside the federal policy shops and think tanks to drive sustained demand for change and build the power needed to counter the influence of the anti-tax entities.

In sum, what makes this effort so consequential is the creation of needed infrastructure - the *Tax Container*- to support a **proactive** vision and a broadly **coordinated** agenda, and - even more impactfully - to **build the people power necessary to win and implement** that agenda.

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The Why

The tax system, when leveraged effectively, is **the foundation** from which so many other social policies – from a green transition (i.e., the IRA) to a sustainable, supportive care economy – are created and sustained.

- The tax system can not only raise revenue for these policies but does so in a way that increases (or decreases) equity and fairness and incentivizes (or disincentivizes) behavior in the public and private sectors. Whether we recognize it or not, **the tax system is a key battleground** in the fight to increase equity and financial security, promote climate action, win on the Care agenda, and protect our democracy and our communities. The IRS itself is the biggest benefits supplier in all of government.

Between 2024 and 2026, key provisions of the 2017 Tax Cuts & Jobs Act, which expanded tax cuts for the very wealthy and corporations, will expire setting a stage for a renewal or **redesign of tax** rates.

- As funding from the American Rescue Plan Act of 2021 concludes, many state and local governments will find themselves on the edge of **“fiscal cliffs”**, forced to cut essential social safety net programs that sustain working people and families. At the same time, The Inflation Reduction Act of 2022 - the most significant climate action the United States has undertaken to date - shows the potential for using the tax system to promote bold, systemic change. This **confluence of tax changes** means organizations on the ground need to be **ready for defense**, but also to pursue opportunities to **go on the offense and win** historic tax policy.

Increasing taxes on the very wealthy and large corporations to fund public services and benefits is **popular across the political spectrum for both middle and working classes**.

- The public is way ahead of politicians on tax fairness. Tax fairness appeals across race, in both rural and urban constituencies, and for both seniors and the next generation. It’s a popular issue that can be used to respond to inflation and the need for deep investment in families, communities, and democratic institutions. The 2017 Tax Cuts were among the most unpopular laws in American history, funneling billions in public money to the very rich and large corporations. In terms of economic messages, asking the wealthy and corporations to pay their fair share so that the government can deliver for communities and build our economy and democracy, is one of the strongest there is.

The How- The “Tax Container”

Now is the time to prepare for the defensive fights ahead and to leverage popular support for pro-worker tax reform. The plan is straightforward: to build permanent, centralized infrastructure- the **“Tax Container”**- that will **expand capacity to engage at the federal level**, including rapid response on policy, narrative, and field efforts, **in tandem with campaigns in key states**. The driving force behind this effort is the idea that to be successful it must focus on building popular demand for tax and revenue fairness.

- The *Tax Container* is led by a 12-person **Leadership Committee (LC) of labor, grassroots, and policy organizations and coalitions**. (List below). Half of the 12 (non-funder) seats are held by state-based and grassroots organizations. Each member of the LC is committed to providing resources to this effort in various forms, including time and willingness to take on work, such as

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leading working groups or assigning dedicated staff to these groups. Leadership Committee members dedicate approximately 10-12 hours a month to the activities of the *Tax Container*.

- The *Tax Container* will be managed by a **limited number of skilled staff**. The Executive Director of the Tax Container will lead the day-to-day work of the Container (via a fiscal sponsor) and will be empowered by the LC to develop campaign plans and budgets. The Executive Director will sustain collaboration, strategic, and narrative alignment between states and federal groups, and coordinate with funders and the broader field of stakeholders.
- The *Tax Container* will also house an **Advisory and Action Committee** (AAC) of roughly 50 institutions who self-select into working groups and advise the Leadership Committee on policy priorities, resource prioritization, and tactics. The AAC functions to broaden engagement in the *Tax Container* and ensure the many voices in the field are heard and represented in this effort.

In bringing together experts in the field from across a range of geographies and focus-areas supported by a limited number of centralized staff, the *Tax Container* creates the foundation for a sustained movement to champion and realize a racially and gender just tax system, capable of navigating the short- and long-term obstacles ahead.

Fundraising

This effort already has verbal support from a range of foundations, key major donors, and unions. While the initial raise is \$50MM, ultimately a budget of \$150MM over 3-5 years is needed to do this work at full capacity. This is an historic initiative, both in the scope necessary for what's at stake, and in the unprecedented coordination by funders, advocates, and policy experts alongside state leaders and organizers.

Leadership Committee of *Tax Container*:

- Americans for Tax Fairness (AFT), David Kass, Executive Director
- Arizona Center for Empowerment (ACE), Chris Gilfillan, Director of Political Strategy
- Center on Budget and Policy Priorities (CBPP), Ellen Nissenbaum, SVP of Government Affairs
- Center for Popular Democracy (CPD), Charles Khan, Lead for Tax and Wall Street Campaigns
- Family Values at Work, (FV@W), Erica Clemmons Dean, Director of Network Programs
- Institute on Taxation and Economic Policy (ITEP), Amy Hanauer, Executive Director
- National Education Association (NEA), Mary Kusler, Sr. Director Center for Advocacy and Political Action
- National Women's Law Center (NWLC), Amy Matsui, Director of Income Security
- State Revenue Alliance (SRA), Kristen Crowell, Executive Director
- West Virginia Center on Budget and Policy, Kelly Allen, Executive Director
- Revenue for America Funder Table, Danielle Goonan, Managing Director, The Rockefeller Foundation
- Revenue for America Funder Table, to be voted on by Funder Table