

# U.S. Sen. Baldwin: Joins U.S. Rep. Pascrell to reintroduce tax reform to close tax loophole for millionaires and billionaires on Wall Street

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*President Trump broke promise to close tax loophole*

*Legislation would end carried interest tax loophole for Wall Street hedge fund managers*

WASHINGTON, D.C. – U.S. Senator Tammy Baldwin (D-WI) and Representative Bill Pascrell (D-NJ) today reintroduced tax reform legislation to close the carried interest tax loophole that benefits millionaires and billionaires on Wall Street.

As a candidate, President Trump promised to close the carried interest tax loophole in his [campaign tax reform plan](#) and was quoted saying, “*We will eliminate the carried interest deduction and other special interest loopholes that have been so good for Wall Street investors, and for people like me, but unfair to American workers.*” Yet the Republican tax bill signed by President Trump [failed to eliminate the carried interest loophole](#) used by wealthy investment firms and Wall Street hedge fund managers to boost their earnings.

In 2017, Senate Republicans rejected an [amendment](#) to their tax bill by Senator Baldwin to close the loophole. The *Carried Interest Fairness Act*, which would end the tax loophole, has received broad bipartisan support from government officials,

economists, investors and hedge fund managers.

“President Trump broke his promise to close the carried interest tax loophole that benefits money managers on Wall Street and the top 1%,” **said Senator Baldwin.** “I want to see loopholes closed — like the one that favors Wall Street hedge funds and allows them to pay a lower tax rate than many Wisconsin workers. It’s simply unfair for our workers to pay a higher tax rate than a millionaire on Wall Street, so President Trump needs to stand by his word, support our legislation and finally close the carried interest tax loophole for Wall Street.”

“Certain wealthy taxpayers should not have their own parallel tax code of special breaks and deductions. Our system has always been based on the principle that we ask more from those who have more, but today private-equity investors can pay a lower tax rate than their secretaries. Building on the work of my esteemed former colleague Sandy Levin, this new Congress will fight to put fairness back at the center of our nation’s tax policy,” **said Representative Pascrell.** “Millions of Americans filing their taxes are finding that the refunds they anticipated will not materialize this year. They and many other Americans are rightly outraged at a tax code that is badly skewed to favor some of our wealthiest citizens and corporations.”

The *Carried Interest Fairness Act* is supported by the AFL-CIO, The Agenda Project, American Family Voices, American Federation of Government Employees, American Federation of State County and Municipal Employees, American Federation of Teachers, American Postal Workers Union, Americans for Financial Reform, Catholics in Alliance for the Common Good, Center for Popular Democracy Action, Communications Workers of America, Consumer Action, Courage Campaign, Credo, Democracy for America, Economic Policy Institute, Franciscan Action Network, Friends of the Earth, Hedge Clippers, Institute for Policy Studies, Media Voices for Children, MoveOn.org, National Education Association, NETWORK, The Other 98%, Patriotic Millionaires, People’s Action Institute, Presente.org, Public Citizen, Service Employees International Union, Strong Economy for All Coalition, The Rootstrickers at Demand Progress, UNITE-HERE, U.S. Public Interest Research Group, United Auto Workers, Working America, and the Working Families Party.

“The carried interest loophole is a big wet kiss for Wall Street fat cats but a slap in the face to the rest of us. The bill by Senator Baldwin and Congressman Pascrell eliminates this outrageous sweetheart deal and restores a measure of fairness to our rigged tax system. The \$14 billion that will be raised by closing this egregious

tax loophole could hire more than 230,000 teachers for a year,” **said Frank Clemente, Executive Director of Americans for Tax Fairness.**

“For years, the carried interest tax loophole has allowed some of the wealthiest people in this country to pay a lower tax rate than millions of middle-income workers. Meanwhile, our country’s infrastructure is crumbling, our young people struggle to pay college tuition, and critical programs like Social Security and Medicare are constantly under threat. It’s time to close the carried interest loophole and make Wall Street pay its fair share,” **said Chris Shelton, President of the Communications Workers of America (CWA).**

“Most of us believe that hard work should be rewarded fairly. But greedy financial executives have spent millions on a loophole that allows them to pay a lower tax rate than teachers and nurses,” **said Porter McConnell of the Take On Wall Street campaign.** “We commend Senator Baldwin and Representative Pascrell for leading the charge to eliminate the carried interest loophole and tax money managers the same as everybody else. Our tax system — and our democracy — depend on it.”

“The *Carried Interest Fairness Act* will help correct an economic injustice that gives massive tax breaks to the extremely rich and powerful at the expense of everyone else. Millionaire and billionaire hedge fund managers are getting away with paying a significantly reduced tax rate on the so-called “carried interest” income they receive from other people’s investments. It’s unconscionable that working families pay more because of loopholes designed to benefit the wealthy and well-connected. It’s time to unrig the economy and insist that everyone pay their fair share. AFSCME thanks Senator Baldwin and Representative Pascrell for their leadership and urge other members of Congress to stand with working families and support this legislation,” **said AFSCME President Lee Saunders.**

“The carried interest tax loophole is the single most outrageous loophole in the tax code. It forces the American taxpayer to subsidize the pay of Wall Street titans that conduct job-killing leveraged buyouts and charge pension investors exorbitant fees. President Trump promised to close it in the 2016 campaign and yet the GOP tax bill left it in place. It’s time for Congress to end this loophole for good,” **said Damon Silvers, AFL-CIO Director of Policy and Special Counsel.**

“Two years ago, we supported the *Carried Interest Fairness Act* to hold the president to his campaign promise to close the carried interest loophole. Sadly, not

only was this promise broken, but huge new handouts for corporations and the wealthy were laid on top. Every day the administration is creating a bigger gap between the wealthy and everyone else, and the cost of this loophole is felt by communities denied billions in local investment, as schools, hospitals, airports, electricity grids and bridges fall further into disrepair. American workers are asking for basic fairness from the tax system so we can fund our future. We can't do that while private equity and hedge fund managers—who are charged with investing our wealth—exploit a rigged system to pay a lower tax rate than their secretaries. That's why reintroducing, and passing, this bill is so important," **said American Federation of Teachers (AFT) President Randi Weingarten.**

"Average Americans shoulder too much weight already without lugging Wall Streeters on their backs through the carried interest loophole. Public Citizen welcomes the Baldwin-Pascrell bill that ends terminates an inequity that even Trump, at least officially, oppose," **said Bartlett Naylor, Public Citizen.**

"The carried interest loophole has allowed millionaire fund managers to avoid taxes for far too long. It's far past time we send a powerful message to millionaires in America: no more freeloading. The richest among us have benefitted the most from this country, and it is far past time they contribute their fair share. This loophole benefits a few thousand of the richest Americans, and allows them to pretend that their labor income is actually investment income and pay far lower tax rates than everyone else who works for a living, while offering absolutely no economic benefit to anyone else and with no moral or intellectual defense. I support Senator Tammy Baldwin's legislation - it is time to close the carried interest loophole," **said Morris Pearl, Chair of the Patriotic Millionaires.**

The carried interest tax loophole benefits certain investment fund managers - including private equity fund managers - by allowing them to take advantage of the preferential 20 percent tax long-term capital gains rate on income received as compensation, rather than the ordinary income tax rates of up to 37 percent that all other Americans pay. The *Carried Interest Fairness Act* would end this loophole by ensuring that income earned by managing other people's money is taxed at the same ordinary income tax rates as that of the vast majority of Americans.

The non-partisan Congressional Budget Office [estimated](#) that this legislation, by closing the carried interest loophole, would raise \$14 billion in revenue over 10 years. This additional revenue could be invested in small business tax cuts and strengthening the economic security of working families.

More information on the *Carried Interest Fairness Act* is available [here](#).