

Anatomy of a U.S. Tax Reform Campaign in Progress: *Financial Accountability and Corporate Transparency*

Tax Justice Network – USA

March 2012



Tax Justice Network USA – Quick Take

Who we are and why we exist:

- Tax Justice Network USA - a member of the **global Tax Justice Network**, led by John Christensen. We benefit from the research, insight and expertise of the entire global network, with an agenda to forward the tax justice mission by working to change the law in the U.S.
- TJN-USA promotes tax justice and tax cooperation, including **policies to address tax avoidance, tax evasion and the lack of financial transparency in our government, corporations and financial institutions**. It operates on a not-for-profit and non-partisan basis by bringing together organizations, social movements and individuals working towards these goals. TJN-USA is a project of the Fund for Constitutional Government, a 501(c)(3) organization.
- TJN-USA has evolved as a leader of the **coalition to eliminate the offshoring of jobs and revenues** here in the U.S. and abroad. First of its kind to focus on international tax reform/offshore tax haven abuse.
- Our role is critical in terms of **organizing and managing the coalition** and serving as a resource for those in the media, in Congress and in any organization in the downstream fight against budget cuts.
- The U.S. Congress will address tax reform, likely in 2013, for the first time in 30 years.
- "The current U.S. international tax system is the **best of all worlds for U.S. multinationals**," said David S. Miller, a partner at Cadwalader, Wickersham & Taft LLP in New York. That's because the companies can defer federal income taxes by shifting profits into low-tax jurisdictions abroad, and then use foreign tax credits to shelter those earnings from U.S. tax when they repatriate them, he said.

Setting the stage: Financial Secrecy and Revenue Loss Become Mainstream, Election Year Politics

- Inside: Budget crisis, Debt Commission, Super Committee brings taxes and revenues to mainstream inside the beltway
- Reports in NYT, Reuters, 60 Minutes, Bloomberg on tax havens and financial secrecy bring taxes and revenues to mainstream outside the beltway
 - G.E., Google, Southwest Airlines, Pfizer, Apple – who's who among businesses
 - Election year politics short term: **Mitt Romney's** role
- One of the most divisive, combative times in politics in the U.S. - cuts v. revenue, pledges, Supreme Court on Healthcare (not an advantage, but a fact of life)



Financial Secrecy and Revenue Loss: Global Impact, Local Impact – Help to Build Momentum for Change from the Inside and Outside of the U.S.

- Money from dictators hidden around the world make global headlines – examples of Tunisia, Egypt and Libya
- Occupy movement – growing anger against corporations, grass-roots taking on corporate secrecy and tax dodging



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U.S. Corporate Tax Policy – Some Numbers of Interest

Driving the Debate (we hope)

- **12%:** average corporate tax rate on domestic profits according to the [Congressional Budget Office](#), the lowest in decades and far from the statutory rate of 35%;
- **30: Number of U.S. Fortune 500 companies that paid less than zero percent** over the last three years. Their effective tax rate averaged –6.7 percent;
- **87%:** those individuals surveyed in the [Des Moines Register's Iowa Caucus poll](#) who said corporate tax loopholes should be closed so that every U.S. business pays some taxes;
- **30%:** Corporate share of the nation's tax receipts in the mid 1950s
- **6.6%:** Corporate share of the nation's tax receipts in 2009
- **217,000:** The number of companies housed at 1209 Orange Street in Wilmington, Delaware
- **759:** Number of offshore subsidiaries in tax havens for Citigroup, Bank of America, and Morgan Stanley combined
- **91%:** [small businesses surveyed](#) in an independent poll that agree that U.S. multinational corporations' use of accounting loopholes to shift their U.S. profits to their offshore subsidiaries to avoid taxes is a problem, and
- **\$100 billion:** revenues lost each year due to tax haven use according to the [Senate's Permanent Subcommittee on Investigations](#).

Developing the Campaign and Building the National Coalition

- Establishing buy-in – Do we have a campaign?
 - January 2011: Gaining initial buy-in through a two part process: **education through national and international experts, agreement on common ground by key organizations to a specific agenda and specific arenas** in which to operate
- Determining how to round out the coalition with a broad group of perspectives and messengers that can execute a diverse campaign – **looking outside of tax and financial experts**. The key is helping them to understand how our agendas merge
 - Small businesses
 - Faith-based groups
 - Unions
 - Law enforcement
 - Environmental organizations
 - Government transparency
 - Education
 - Human Rights
 - *Just about any population with a stake in public support will stand to lose when the U.S. keeps bleeding revenues*



Over 100 National and State-based coalition partners – Representing over 17 million + members



- ActionAid
- Americans for Democratic Action
- AFL-CIO
- American Federation of State, County and Municipal Employees (AFSCME)
- American Sustainable Business Council
- Business and Investors Against Tax Haven Abuse
- Business for Shared Prosperity
- California/Venezuela Region - Religious Sisters of Charity
- Campaign for America's Future
- Citizens for Tax Justice
- EarthRights International
- Firedoglake
- Friends of the Earth
- Global Financial Integrity
- Global Witness
- Government Accountability Project
- Institute for Policy Studies –Program on Inequality and the Common Good
- JPIC Ministry - Missionary Oblates
- Jubilee USA Network
- Leadership Conference of Women Religious
- The Main Street Alliance
- New Rules for Global Finance
- OMB Watch
- OpenTheGovernment.org
- Pacific Environment
- Project On Government Oversight (POGO)
- Public Citizen
- The South Carolina Small Business Chamber of Commerce
- U.S. Public Interest Research Group
- U.S. Uncut
- SEIU
- Wealth for the Common Good

Agreeing on a Platform and Scope

- ***Eliminating loopholes in our tax system to make sure that the corporations that benefit from all of the resources, protections and markets in the United States pay their fair share of taxes;***
- ***Requiring ownership information of all business entities, trusts, foundations and charities – information that indicates who actually controls these entities – be made available to law enforcement and the public;***
- ***Requiring country-by-country reporting by multi-national corporations of the sales made, profits earned and taxes paid in every jurisdiction where an entity operates, and***
- ***Strengthening, standardizing and enforcing anti-money laundering laws.***

As a coalition, through our governance system, we also agreed to support the Financial Transaction Tax and protecting the Foreign Corrupt Practices Act.

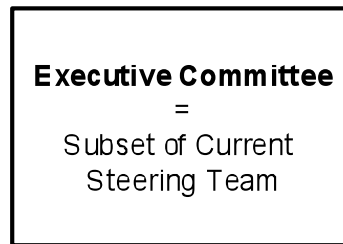


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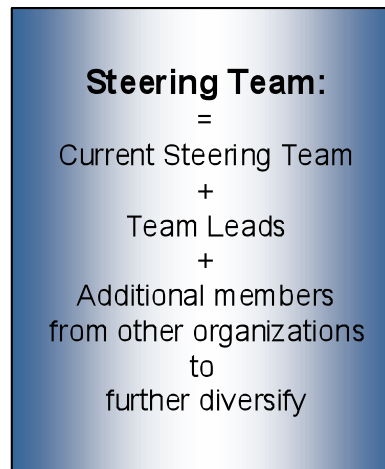
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Agreeing to Governance – Campaigns need processes and teams accountable for developing, approving and executing all components of the effort

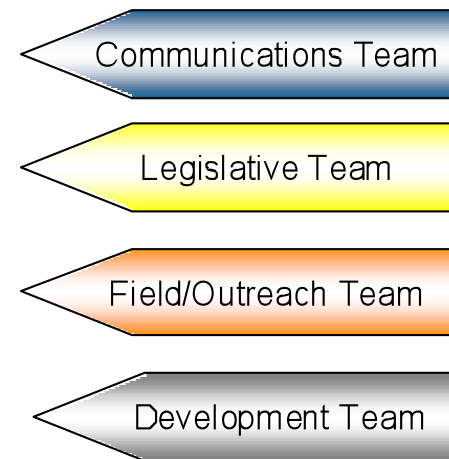
Financial Accountability and Corporate Transparency (FACT) Governance



- Meets/Calls Bi-weekly
- 24-hr turn-around on decisions
- Determines decisions that need to go to Steering Team



- Available to respond to Exec Comm requests for decision input
- Examples:
- Approve policy/legislative positions/changes in positions
 - Review major public/Hill communications



Team Leads

- Set up regular meetings
- Construct 3 month plan (legislative team will drive everyone else's based on bills/targets)
- Bring issues impacting other teams to monthly campaign meetings



Executing a National Campaign

- Conducting and applying **strategic targeted direct advocacy** by policy team with key messengers based on the diversity of the coalition
 - Meet with Congressional and Administration staff, provide issue briefs, analysis, reports and pressure: Senate Finance, House Financial Services, Homeland Security, Banking, Appropriations - Committee members; International Tax Counsel for U.S. Treasury; National Economic Council (NEC) at the White House
 - Continue with focus on bipartisan support – we've been successful in making sure our priorities are reflected in bills
 - During recess periods, while policy makers are back in their districts, partners with state-level staff hold in-district briefings/meetings in targeted states and attend town halls
 - Delivering coalition letters to Congress and the White House at strategic times and alerting the press
- Engaging our **international partners** in global campaigns against tax haven abuse to show the importance of cooperation and accountability here and abroad and emphasize the impact on both developing and developed countries



Executing a National Campaign

- Developing tactics, engage and support **grassroots** across the country: U.S. PIRG, Jubilee USA, U.S. Action, U.S. UNCUT, Occupy, Small Business
 - Provide **easy to access, understandable materials** to advocates
 - Develop **FACT sheets** that we use in all communications
 - Execute rallies, post-carding, report releases, petitions, surveys
 - **Call-ins and email drives:** Direct contact from people from the states and communities of elected officials - perhaps most important given opposition
- Roll-out of tactics through continuous **communication based on policy/event hooks**
 - Constant response to news cycle and news hooks – **determining the right messenger depending on event/issue/location**
 - Editorial board outreach
 - Use **Social Media:** Facebook events, Twitter to amplify and broadcast messages, report releases, earned media, Op-Eds
 - **Building eminence:** Provided bios to staff and media for Congressional testimony, press statements on events/court cases/legislation, policy briefings, online campaign/ email outreach
 - Cultivate the national and local media: TJN-USA and partners have been successful placing **national and local Op-Eds, blogs**, and getting exposure through expert quotes with major news outlets including The Wall Street Journal, Associated Press, New York Times, Associated Press, Reuters, CNN

Policy Report – Impending Legislation

Legislation or Proposal	Status	Key Provisions
Republican budget proposals	Pending before the House of Representatives	Cut corporate tax rate, maintain Bush tax cuts, and implement a territorial system of tax for the U.S.
Surface Transportation bill	Passed Senate – impending action in the House	Includes the first section of the Stop Tax Haven Abuse Act – gives the Treasury the discretion to take specified steps against offshore tax havens and financial institutions that “significantly impede U.S. tax enforcement.” This authority is already granted in the USA PATRIOT Act with respect to money laundering concerns. This is the first time the proposal has seen congressional floor action.
President Obama’s Corporate Framework	Published last month	While vague, the proposal acknowledges the issues caused by the offshoring of revenue and jobs in detail. It has also been stated that the Administration opposes a territorial system and will make the offshore issue a central part of its corporate tax reform and communication.
Repatriation Holiday	Bills introduced; potential for additional legislation	Proposals would cut the tax rate for companies bringing foreign subsidiary earnings back to the U.S. from the current rate of 35% to 5% - 10%. Could be attached to anything – including super committee report, other deficit reduction efforts, or jobs bills. Administration did not include it in American Jobs Act. This will be an ongoing fight as the Administration indicated it would be considered as part of broad corporate tax reform.

Policy Report – Impending Legislation

Legislation or Proposal	Status	Key Provisions
Stop Tax Haven Abuse Act/CUT Loopholes Act	Introduced by Sen. Levin	Comprehensive legislation to address individual and corporate tax haven abuse. This bill will address what was left out of the FATCA law, plus new provisions given the new challenges unearthed from financial crisis around swaps, stock options, and bank secrecy.
Incorporation Transparency and Law Enforcement Act	Introduced by Sens. Levin and Grassley	Legislation that would require corporations to identify the individual who benefits from the corporation's existence, which will assist the U.S. in addressing its tax haven status. Included in the Administration's Open Government Partnership initiative and has bi-partisan support.
Anti-Money Laundering bill	Introduced by Sens. Feinstein and Grassley	Key provision would add tax evasion a crime to trigger AML liability, and has bi-partisan support.



Opposition to reform is large, well-funded – making our fight all the more important to speak for taxpayers

- WIN America
- RATE Campaign – similar to win members, who want to lower corporate tax rate
- **Chamber of Commerce (National)**
- Business Roundtable
- National Association of Manufacturers
- Banks, Pharma, Tech – name it
- **Over 80% of top 100 publicly traded companies in the U.S.**
- “PACE” Coalition – front for both onshore and offshore tax haven abusers
- CATO institute, American Enterprise Institute
- **Any corporation that contributes to Senate Financial Services and House Ways and Means Committees – a subset of, well no one thanks to Citizens United Case**



Additional Challenges

- Changing the narrative and perception of U.S. corporate tax
- Sticking to the scope and mission – keeping to the core mission and messages of the campaign
- Regulator interpretation, defending what we've won
- Cuts to the Treasury/IRS for enforcement
- Organizations stretched thin across issues
- Organizations straddling political campaigning and policy campaigning
- Losing additional allies post-2012 may create even more hostile environment
- Fundraising – can be difficult for fiscal issues and in particular with the offshore tax haven focus



Focus for 2012 and Beyond

- Fighting the conventional narrative: U.S. gaining notoriety as the “highest tax rate in the world” – April Fool’s
- Adding co-sponsors to our legislative priorities in anticipation of the coming tax reform fight
- Engaging grass-roots arm that will knock on 1 million doors this summer
- Engaging Occupy movement and other tax coalitions currently forming and helping one another amplify the tax fairness message
- Weekly communications from our various messengers to keep our voice in the media
- Election year provides platform for lines in the sand – forcing candidates to take a side
- Documentary release – featured at Sundance “We’re Not Broke” – using the documentary and clips to do widespread education and outreach (www.werenotbrokemovie.com)
- Further Building the coalition and outreach to new groups
- Gearing up our research, support, media, grass-roots and champions for a tax reform battle that hasn’t been seen in 30 years
- **More information at:**
<http://www.tjn-usa.org/current-campaigns>