THE PAYBACK

Get the Facts: How Lowering the Corporate Tax Rate Harms American Workers

The 2017 Tax Cuts and Jobs Act (TCJA) failed working people by slashing the corporate tax rate from 35% to 21%. While billionaires and C-suite executives saw their wealth increase, working families were left behind.

Lowering the corporate tax rate even further would widen the wealth gap, supercharge inflation and ultimately, stall economic growth.

It's time for corporations to pay up. In 2025, lawmakers should ensure these giant corporations are paying more – not less – in taxes than teachers, nurses, and other everyday Americans.

FICTION	FACT
Lowering the corporate tax rates gives workers an economic boost.	The 2017 tax law slashed the corporate tax rate with the promise that doing so would "give the typical American household around a $4000 pay raise" and that "more than 70% of this [tax cut] will be returned to workers." That never happened. Instead, billionaire wealth doubled and C-suite executives got major raises, **while 90% of workers did not see a raise.** Median wage growth actually slowed in 2018 and 2019 after the TCJA became law. That's not a surprise. As venture capitalist Nick Hanauer warned in 2018, **"Businesses don't give raises just because they got a tax cut. Businesses pay you what you can negotiate. And few employees in today's economy have the leverage to negotiate."** Wages only started rising after the pandemic in response to recovery efforts

	that drove down unemployment and gave workers leverage.
Lowering the corporate tax rate led to an economic boom.	The TCJA's corporate tax cuts did not grow the economy. In the years following the law's enactment until the pandemic, economic growth continued at about the same pace as before the tax breaks. The gains regularly touted by Republicans are, in fact, part of longer-term economic trends, fueled by Obama-era economic policies. Lowering the corporate tax rate from 35% to 21% will already cost the federal government $1.3 trillion over ten years, according to the Joint Committee on Taxation. Using these calculations, further slashing the corporate tax rate to 15% would cost an *additional* $1 trillion.
The current administration's economic policies are solely responsible for high inflation.	**Slashing the corporate tax rate worsened inflation by fueling the price-gouging epidemic.** After the pandemic gave them the excuse they needed, the TCJA's giant corporate tax cuts incentivized any big business with the market power to do so, to jack up prices, because those firms are able to keep more of the winnings instead of returning them to the Treasury. This level of corporate profiteering drove 53 % of inflation during the second and third quarters of 2023 and more than one-third since the start of the pandemic.