

Resolution #79A-23-03

Reforming Our Federal Tax Code to Support Worker Organizing and Collective Bargaining

The National Labor Relations Act (NLRA) of 1935, still the law today, made clear that “It is declared to be the policy of the United States to...encourage the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self- organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection.”

However, despite the NLRA’s clear directive for the United States government to **encourage** the practice and procedure of collective bargaining and to enable workers to join unions, corporate interests have worked to undermine the law through weakening legislation, lawsuits before pro-corporate conservative judges and creating regulatory loopholes.

One other technique corporations have utilized to undermine the NLRA’s pro-labor intent has been to use the tax code and tax law to reward anti-union behavior.

In recent decades, as union busting activity has exploded, corporations have profited by deducting the ever increasing expenses of union busting from their federal taxes. Employers now collectively spend over \$430 million per year on “union avoidance” consultants alone—not counting untold millions more on anti-union advertising campaigns and mandatory “captive audience” meetings where workers are forced to listen to anti-union propaganda. Despite this activity being directly opposed to the stated purpose of the NLRA, companies are allowed to deduct all of these expenses from their federal taxes just like any ordinary business expenses.

Companies have also long received tax breaks for offshoring jobs. In 2017, this dynamic was made worse by the federal tax law championed by President Trump and passed by the U.S. Congress with only Republican votes. That law slashed the tax rate on corporate profits earned overseas to half the tax rate on profits earned in the U.S. In addition, it created loopholes so that some investments that companies make overseas are exempted from U.S. taxes entirely. These changes gave companies tax breaks for moving money and jobs out of the country, making it more profitable for companies to eliminate union jobs and American jobs more broadly.

The 2017 Trump tax law also eliminated the ability of union members to deduct union dues, as well as other unreimbursed work related expenses, like out-of-pocket costs for uniforms or tools, from their taxes. It makes no sense that companies can get tax breaks for shameful acts like union busting or outsourcing jobs, while workers are not supported for helping create good family supporting jobs in their communities through unionizing and collective bargaining.

Our tax code should follow through on the plainly stated intent of the NLRA and “encourage the practice and procedure of collective bargaining and by protecting the exercise by workers of full

freedom of association” by supporting workers who want to organize and join unions. It should also penalize companies for union busting and shipping union jobs out of the country.

Resolved: CWA demands changes to our tax code so that it protects union members and the right to organize, bargain and strike, by ending deductions for companies engaged in union busting or shipping jobs overseas, and by ensuring that all workers have the right to deduct union dues and work related expenses from their taxes.

Resolved: CWA will educate members, the general public and policymakers on the harmful, anti-worker provisions of the tax code and the urgent need for a pro-worker tax code.

Resolved: CWA will work to convince lawmakers to ensure that the tax code rewards workers and encourages union organizing, by passing pro-union tax legislation.

Resolved: CWA will work to build support for pro-worker, pro-union tax policies ahead of the expiration of many pieces of the federal 2017 Trump tax law in 2025 to ensure that there is broad support for enacting those pro-worker, pro-union policies as Congress debates tax reforms.