Communications Workers of America
Claude Cummings Jr. | *President*

Government Affairs Department
Dan Mauer | *Director*

June 25th, 2024

Dear Representative/Senator:

On behalf of the officers and members of the Communications Workers of America (CWA), I am writing to urge you to co-sponsor H.R. 884/S.357, the No Tax Breaks for Outsourcing Act. This key piece of legislation would eliminate the tax incentives, which were worsened by the 2017 tax bill, that motivate companies to move much needed American jobs overseas.

Multinational companies have spent years shifting money, production, and jobs to countries with lax standards, where they can exploit workers who have few rights and are paid low wages. For years our tax code supported this behavior by providing incentives for companies to outsource jobs. Instead of fixing this problem, the tax bill enacted in 2017 provided huge new incentives for companies to shift jobs overseas through two key provisions. First, it allowed companies to deduct half of their offshore income, essentially creating a 10.5% maximum corporate tax rate for offshore income, compared to 21% for domestic income. Second, the bill included deductions that will allow many companies that move jobs and profits offshore to pay far less than that 10.5% rate; in some cases, companies could ultimately pay close to nothing.

In particular, the new law exempts from tax entirely a 10% return on tangible investments made overseas, such as facilities and equipment. Notably, because the size of the deduction depends on the amount invested offshore, this deduction provides a unique incentive for companies to move investments overseas. Given these incentives, many companies that claimed that they'd use their tax savings to create jobs, such as AT&T, have instead continued to outsource jobs, while AT&T alone has cut nearly 120,000 jobs in the United States since 2018.

The No Tax Breaks for Outsourcing Act would repeal these deductions. By doing so, it would eliminate the tax incentive to move factories and call centers overseas by ensuring that companies would not be able to slash their tax bills by moving those jobs overseas. In addition, the bill would enact a series of other changes that would block corporate efforts to dodge taxes by shifting funds to tax havens and by deducting enormous levels of interest on debt owed to foreign subsidiaries.

Our tax code should benefit working families, ensure that the super-wealthy and multinational corporations pay their fair share, and encourage the creation of good jobs here in the United States. The No Tax Breaks for Outsourcing Act would mark a major step toward accomplishing that goal and remedying some of the damage from the reckless 2017 tax bill. Please support working families and co-sponsor the No Tax Breaks for Outsourcing Act.

Thank you in advance for your consideration.

Sincerely,

Daniel J. Mauer

Dan Mauer
Director of Government Affairs
Communications Workers of America