

# United States Senate

WASHINGTON, DC 20510

May 1, 2017

The Honorable Steven Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20500

The Honorable Mick Mulvaney  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street NW  
Washington, DC 20503

Dear Secretary Mnuchin and Director Mulvaney:

We write to express our concern that your new deficit-exploding proposal to hand out massive tax breaks to millionaires and billionaires will threaten deep cuts to Social Security, Medicare, Medicaid and other middle-class priorities. We are also concerned that the proposal will provide large tax benefits to the President and his domestic business interests.

In past years, Republicans forced large tax breaks through Congress that ballooned the federal budget deficit and added trillions to our national debt. This does not qualify as tax reform. We are deeply worried that today's eagerness for deficit-financed tax cuts for those at the top will result in a later push by Republicans and the Administration for deep cuts to Social Security, Medicare, Medicaid and other critical public investments to curb the growing deficit. Preliminary estimates already suggest this plan will cost at least \$5.5 trillion.

In fact, we believe the proposed 15% tax rate on business income will undermine Social Security and Medicare directly. This is because taxpayers will have a keen incentive to reclassify compensation – which would otherwise be subject to FICA taxes and a top ordinary income tax rate of 35% under the proposal – to pass through income, which would only be subject to the 15% tax rate. Social Security and Medicare are funded by both payroll taxes and income taxes.

The super-wealthy have done extraordinarily well in recent years, even increasing their earnings and share of national wealth after the Great Recession. Meanwhile, middle-class families are working harder than ever to make ends meet, and older Americans are increasingly reliant on Social Security and Medicare to provide a secure retirement. Given these realities, we should be focusing on ways to create jobs and allow more people to enjoy the benefits of their hard work, rather than handing out tax cuts for millionaires and billionaires.

We are eager to work on proposals to simplify the tax code, strengthen the economy, increase American competitiveness and provide mobility and opportunity to working families. But you should not expect our help in efforts to blow up the deficit and lay the groundwork for deep cuts to Social Security, Medicare, Medicaid, education, and other programs that help hardworking American families.

Sincerely,



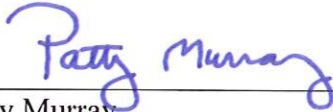
---

Charles E. Schumer  
United States Senator



---

Richard J. Durbin  
United States Senator



---

Patty Murray  
United States Senator



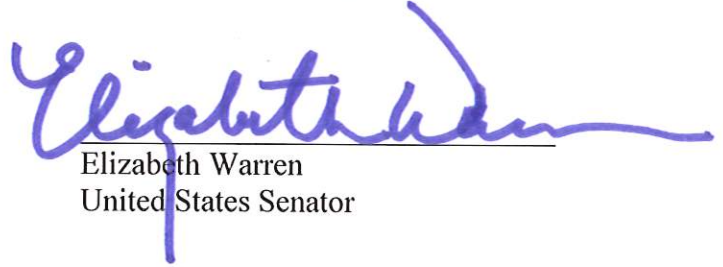
---

Debbie Stabenow  
United States Senator



---

Amy Klobuchar  
United States Senator



---

Elizabeth Warren  
United States Senator



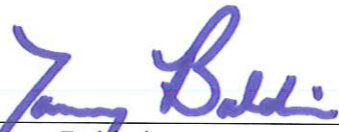
---

Mark R. Warner  
United States Senator



---

Bernard Sanders  
United States Senator



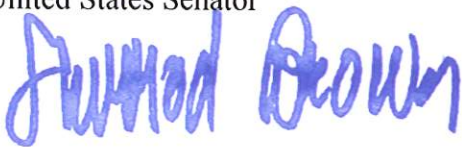
---

Tammy Baldwin  
United States Senator



---

Ron Wyden  
United States Senator



---

Sherrod Brown  
United States Senator