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Congress Blog



December 07, 2015, 07:30 am

By John O'Neill

48 20

COMMENTS 7

Congress has scrounged to pay for a highway bill that benefits all Americans, yet it wouldn't take steps to collect \$90 billion a year in unpaid taxes – money that some of our largest companies owe but avoid paying each year, by shifting income to offshore tax havens.

That makes no sense. Congress should take steps to collect that \$90 billion and it could have used it to pay for the highway bill. It didn't take those steps, and instead is about to make things worse with the passage of a bill to extend temporary tax breaks.

Like Main Street businesses, the corporations that owe that \$90 billion use our roads and bridges. They just don't pay their share of the costs. But other businesses do, and it's not fair to them to let our infrastructure decay while some corporations use special tax loopholes to avoid their taxes.

We've needed to pass a highway bill with a reliable funding source. The simplest answer would have been to adjust the gas tax for inflation. That hasn't happened since 1993, when the tax was created. Since then, inflation has driven up the cost of transportation projects by 30 percent. The case for an adjustment seems obvious, but critics call it a burdensome tax increase.

So why won't Congress use that \$90 billion to pay for a highway bill? It wouldn't be a tax increase, it would be reliable, and it would cover the full cost of a highway bill. By contrast, what Congress has stitched together for a five-year highway bill -- a full year less than the six years it wanted -- is in no way a fix for the long-term gas tax shortfall.

Unfortunately it's no surprise that Congress didn't use that \$90 billion to pay for the highway bill.

Even worse, Congress wants to pass a tax extenders bill that supports that very tax avoidance -- by extending two of the key tax rules that companies use to move income offshore.

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These rules are the Active Financing Exception and the Controlled Foreign Corporation Look-Through Rule. Extending them for two years will cost \$16.2 billion (\$13.5 billion and \$2.7 billion respectively), under the extenders bill approved by the Senate Finance Committee.

That \$16.2 billion would be enough to cover a full year of the Highway Trust Fund shortfall.

Moreover, Congress is considering making the Active Financing Exception permanent. That would cost \$78 billion under the bill the House Ways and Means Committee approved on September 17. That amount would almost cover a six-year shortfall in the trust fund.

The Active Financing Exception has had a long life. It was killed by the Tax Reform Act of 1986, reinstated on a temporary basis in 1997, and extended repeatedly ever since. At one point, President Clinton tried (and failed) to kill it with a line-item veto.

Congress should kill it once and for all, along with the Controlled Foreign Corporation Look-through Rule. If Congress closed these tax loopholes, companies would find it much harder to shift income offshore. They'd have to pay a lot of that \$90 billion -- and all other taxpayers, including businesses, would benefit.

Small business owners know this tax avoidance is unfair: 76 percent of them want limits imposed on the shifting of profit offshore, according to [national polling](#). And, believing that such activities are un-American, many are signing a pledge called, [Proud to Be an American Business](#), which is sponsored by the American Sustainable Business Council and the Main Street Alliance.

Every American business has a responsibility to pay its full share of the cost of the country's infrastructure. Most Main Street businesses do. These larger businesses should as well. By ending these two tax loopholes, Congress would take steps towards collecting that \$90 billion and towards paying the full costs future highway bills.

*O'Neill is the tax analyst at the American Sustainable Business Council.*



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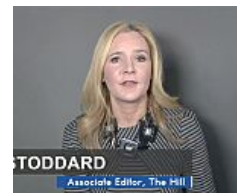
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**Sturgeon General** · 4 days ago  
dang since I am first I had to read this article, these corporations don't owe 90 billion, if the tax laws were different they may owe 90 billion, but as it is they are doing the same thing we all do, minimizing their tax bill through legal procedures, while the premise of the story may be sound the headline is wrong  
2 ^ | v · Reply · Share >

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**Sturgeon General** → Guest · 3 days ago  
wow that is so cool, hey do you sell little blue pills for cheap?  
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**Alan Mag** · 4 days ago  
Better yet, we have \$280 BILLION in unpaid personal taxes - yes, taxes that people owe but refuse to pay. Why don't we collect that first, since it is money already owed? That would pay for the \$90B in highway funding - heck, we could expand it even more! And yes, I realize that we can't always get money back from people that may not have it anymore since they already spent it - but we can stop giving handouts to those people until the value of the handouts (including Social Security) matches the tax lien that they have.....  
1 ^ | v · Reply · Share >

**Roger Land** · 4 days ago  
Keep on voting in Republicans and we will be the next Mexico.  
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**Thomas Hall** · 4 days ago  
"Congress has scrounged to pay for a highway bill that benefits all Americans, yet it wouldn't take steps to collect \$90 billion a year in unpaid taxes – money that some of our largest companies owe but avoid paying each year, by shifting income to offshore tax havens."  
  
The GOP spin that businesses somehow built their businesses that rely on federal support from subsidies, tax breaks, overseas business promotion, litigation protection and all the infrastructure of roads, bridges, power stations, sewer systems, etc. USPS, that the federal government mostly funds.  
Recall that under Bush-Cheney five million manufacturing jobs and 60,000 companies moved overseas or to Mexico. It was the GOP that blocked Democratic attempts to end corporate "inversions" that allow slimy companies to move their assets overseas to avoid U.S. taxes just as the rich like Romney do in offshore, overseas, or secret Swiss

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avoid US taxes just as the non-like Romney do in offshore, overseas, or secret Swiss banks accounts.


The GOP majority also cut over \$223 million from the IRS to make it harder to go after the rich tax cheats. The so-called IRS "scandal" was actually all those GOP groups that flooded the IRS after the GOP-SCOTUS' Citizens United decision while falsely posing as non-political "social welfare" groups to acquire tax exemptions (ALL did) and to hide their dirty rich donors like the Koch brothers.

Makes one wonder how working class Americans, even dull, bigoted ones, can be so dumb as to blindly support the pro-rich, anti-poor, anti-worker GOP that has historically NEVER represented the working class.

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 **Ed Cunningham** → Thomas Hall · 4 days ago  
Keep sucking up the cool aid, Tommy.

^ | v · Reply · Share >

 **star22** → Ed Cunningham · 4 days ago  
Seems to me Ed your the one with that tall, tall glass of sugary brain paralyzing liquid. Straight out of the behind of any republican you can name. Everything Mr. Thomas posted is a fact, all you need to do is step away from fox news to get the facts.

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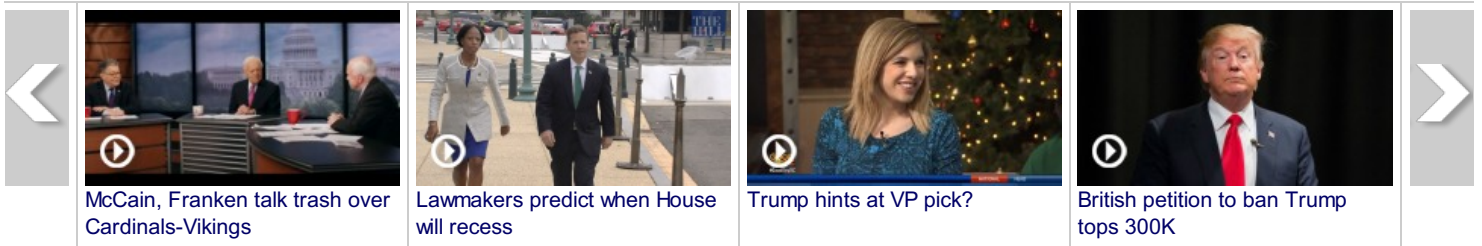
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