WRITTEN TESTIMONY OF SENATOR BLANCHE LINCOLN

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U.S. Senate Finance Committee Hearing

"Funding and Financing Options to Bolster American Infrastructure"

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As a former member of this distinguished Committee for nearly a decade, I am pleased to submit this statement for the record on behalf of the RATE Coalition, whose members and affiliates employ more than 53 million American workers in all 50 states.

Earlier this year, President Joe Biden released his American Jobs Plan to rebuild America's infrastructure. As President Biden rightfully noted, our infrastructure needs to be repaired and revitalized with the speed this pressing issue demands and the American people deserve. Doing so the right way would not merely enhance our country's roads, bridges, highways, airports, and water systems, it would also create millions of new, meaningful, living-wage jobs on the heels of the worst economic downturn since the Great Depression.

A historic investment in our nation's infrastructure would jumpstart our economic recovery and position American companies to compete more efficiently and effectively in the global marketplace. This progress depends, however, on U.S. companies maintaining the current, globally competitive corporate tax rate. As my former colleagues on the Senate Finance Committee debate how to fund and finance the American Jobs Plan, I strongly urge them to oppose raising the corporate tax rate - a funding option that would halt domestic investment, shift American jobs overseas, restart inversions, and result in wage reductions.

As I wrote to this Committee days before President Biden released the contours of his plan, job creating businesses in the United States currently pay a combined corporate rate of more than 25%. The average rate among OECD countries is 23.4%. It is 25% in China, which has welcomed corporate headquarters at a worrisome pace. Over the past two decades, China has added 114 Global Fortune 500 headquarters, while the United States has lost 58. Today, China has 124, while the United States has 121.[1]

Meanwhile, the gravity of the economic crisis created by the COVID-19 pandemic should give policymakers serious pause about the harmful prospect of putting ourselves even further behind our country's foreign competitors. It is worth noting that "nine of the world's largest and most advanced economies have reduced their top corporate tax rate in the past four years."[2] The United States is still down more than 8 million jobs from pre-pandemic levels, while the real unemployment rate is likely around 10% according to the Federal Reserve's Jerome Powell. And per the nonpartisan Joint Committee on Taxation, Congressional Budget Office, and other organizations across the ideological spectrum, corporate tax costs are paid by workers and consumers.

Accordingly, as American employers and workers strive to recover, now would be the worst time to raise the corporate rate. Corporate taxes, per the OECD, "are the most harmful type of tax for economic growth." A smarter approach for funding our nation's infrastructure would be

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[1] Murray, Alan & Myer, David (August 10, 2020). "The Fortune Global 500 is now more Chinese than American". *Fortune*. https://fortune.com/2020/08/10/fortune-global-500-china-rise-ceo-daily/

[2] *Wall Street Journal* Editorial Board (April 1, 2021). "Biden's Stumble in the Global Tax Race". *Wall Street Journal*. https://www.wsj.com/articles/bidens-stumble-in-the-global-tax-race-11617316406

to collect the $1 trillion in unpaid taxes that are actually owed instead of jeopardizing jobs that depend on our globally competitive rate. Our current corporate tax rate generated many key economic wins prior to the COVID-19 pandemic, and it will continue to do so as our nation safely reopens for business. We can and must Build Back Better without simultaneously burdening our economic recovery.