

Levin, Whitehouse introduce CUT Loopholes Act

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WASHINGTON – Sen. Carl Levin, D-Mich., and Sen. Sheldon Whitehouse, D-R.I., introduced legislation on Monday that would produce more than \$189 billion in deficit reduction to help avoid the damaging effects of sequestration.

The Cut Unjustified Tax Loopholes Act would close corporate and individual tax loopholes, many of which Levin has helped expose in more than a decade of work by the Senate Permanent Subcommittee on Investigations, which he chairs.

“These loopholes are bad policy even in the best of circumstances, but it would be unconscionable to allow them to continue if we can use revenue from closing them to avoid the devastating effect sequestration would have on national security, homeland defense, law enforcement, public safety, education and other important priorities,” Levin said.

Whitehouse joined Levin as an original cosponsor of the CUT Loopholes Act. “It’s time to put an end to offshore tax abuses that allow powerful corporations to play ‘hide-the-pea’ tax games at the expense of honest taxpayers, and I’m proud to join Senator Levin in this effort,” Whitehouse said.

Levin introduced the legislation the day before a hearing before the Senate Armed Services Committee, which he chairs, at which Deputy Defense Secretary Ashton Carter and members of the Joint Chiefs of Staff are to outline the potential impact of sequestration on national security.

The CUT Loopholes Act would combat tax loopholes that allow multinational corporations to avoid taxes by transferring U.S. profits offshore; that subsidize corporations for the expense of moving U.S. jobs overseas; that subsidize stock-option grants to corporate executives; and that provide an unjustified tax break for producers of oil from tar sands. It would close the “carried interest” loophole that allows hedge fund managers to pay a lower tax rate on their income, and a loophole that subsidizes speculative trading in certain financial derivatives.

According to estimates from the Joint Committee on Taxation, several provisions in the CUT Loopholes Act would provide a combined \$189 billion for deficit reduction efforts, enough to provide significant help in the effort to avoid sequestration. Provisions not yet scored by the Joint Committee on Taxation are expected to provide significant additional deficit reduction.

A summary of the CUT Loopholes Act is available on Sen. Levin's website.

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