

TO: Groundwork Action

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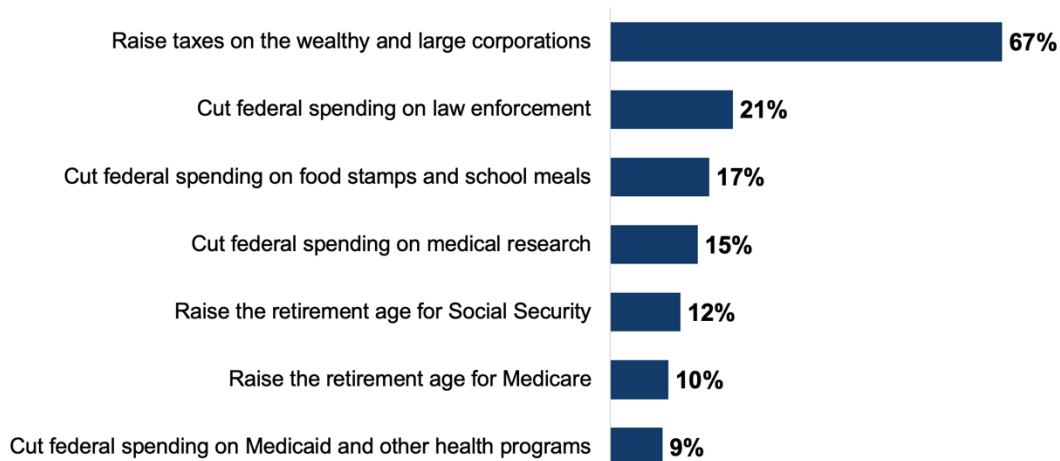
RE: Voter Support for Progressive Tax Messaging, Policies

This memo presents the key findings from our recently completed survey for Groundwork Action among a national sample of 1615 voters, including 523 in battleground states, conducted online from March 21 to 26, 2023. The survey reveals voters have a strong preference for progressive tax policies targeting the wealthy and large corporations, and this sentiment has important implications for both this year's debt ceiling debate and the 2024 elections. The survey results have a confidence interval of ± 2.8 percentage points.

#1 Americans want the wealthy and corporations to pay their fair share of taxes, and they see that as the best way to bring down the federal deficit.

- A strong majority of 67% percent of voters, including 67% of battleground voters, believe that raising taxes on the wealthy and corporations is the single best way to reduce the federal budget deficit. Importantly, voters prefer this approach over federal spending cuts, including raising the minimum age for Medicare (only 10%) or Social Security (12%), cutting Medicaid (9%), or cutting food stamps and school meals (17%).

Top two best ways to reduce the federal budget deficit



Hart Research Associates

- When voters rate their budget goals for Congress, tax fairness emerges as their top priority. The public wants Congress to prioritize cracking down on wealthy tax cheats (75%), closing tax loopholes that benefit the wealthy (74%), and making millionaires and billionaires pay more in taxes (70%). In contrast, only 37% indicate that reducing taxes across the board should be a very important goal for Congress.

Voters' Budget Priorities for Congress

75%	Crack down on wealthy tax cheats.
74%	Close tax loopholes that benefit the wealthy.
73%	Avoid raising taxes on the middle class.
70%	Make sure millionaires and billionaires pay more in taxes.
65%	Make sure big corporations pay more in taxes.
64%	Increase revenue to avoid cuts in Medicare, Medicaid, Social Security.
50%	Increase revenue to reduce the deficit and the national debt.
37%	Reduce tax rates for individuals across the board.

- Eighty percent of voters believe large corporations and the wealthy should pay more in taxes, including resounding majorities of voters of all partisan stripes. Ninety-one percent of Democrats, 83% of independents, and 68% of Republicans believe large corporations should pay more. Similarly, 93% of Democrats, 83% of independents and 71% of Republicans, believe people who make over one million dollars should pay more as well.

#2 Democrats' position in the debt ceiling debate is stronger when they offer an alternative path to deficit reduction by calling for higher taxes on the wealthy and corporations.

- Large majorities agree with Democratic messages on lifting the debt ceiling that acknowledge the importance of addressing the deficit and propose higher taxes on the wealthy and large corporations as an alternative to Republicans' spending cuts approach. Three different progressive messages receive agreement from at least two-thirds of voters.
- Democratic messages focusing on addressing the deficit by raising taxes on the wealthiest Americans and biggest corporations outperformed messages highlighting only the GOP's interests in making cuts to Social Security, Medicare, and other domestic priorities.

Agreement with Democratic Debt Ceiling Messages

73%	Instead of slashing federal investments in healthcare, infrastructure, and medical research, Congress should address the deficit by getting rid of tax loopholes and special tax breaks that benefit only the wealthy and large corporations.
72%	We need to address the deficit, but the first place we should look is the billions in wasteful tax loopholes and special tax breaks received by the wealthiest Americans and biggest corporations.
67%	Instead of slashing federal investments in healthcare, infrastructure, and medical research, Congress should address the deficit by asking the wealthy and large corporations to pay their fair share.
57%	We will stop Republicans if they try to use the debt ceiling to force large cuts to Medicare, Medicaid, and Social Security.
55%	It is wrong for Republicans to use the threat of financial default to force harmful cuts to education, infrastructure, and healthcare.

- Republicans also have a strong case to make for their debt ceiling position. Importantly, though, even the strongest Republican messages are not as strong as Democratic messages focused on addressing the deficit by making the wealthy and corporations pay more:
 - *The two parties should negotiate a compromise that both raises the debt limit and cuts federal spending (67% agree).*
 - *We are not going to keep spending and just raise the limit on our national credit card without making changes to federal spending (64% agree).*
- Republicans' credibility on budget issues is undermined when voters learn about their commitment to various budget-busting policies. Indeed, learning about specific Republican proposals that benefit the wealthy and large corporations lowers the confidence in Republican's handling of federal budget issues for a majority of voters, including for over 50% of independents.
 - Give a tax break to most corporations with over \$1 billion in profits, increasing the federal debt by \$296 billion (58% less confidence).
 - Give a \$175,000 annual tax cut to people making over \$4 million per year (57%)
 - Allow many corporations with over \$1 billion in profits to pay a tax rate below 15%, below the tax rate paid by average working Americans (57%).
- In the end, Democratic debt ceiling messaging focused on offering a progressive path to deficit reduction nearly erases the GOP's initial 9-point advantage on handling the debt ceiling. Voters move from an initial nine-point preference

(41% to 32%) for Republicans over Democrats to handle the issue to giving Republicans only a two-point advantage post-messaging (41% to 39%).

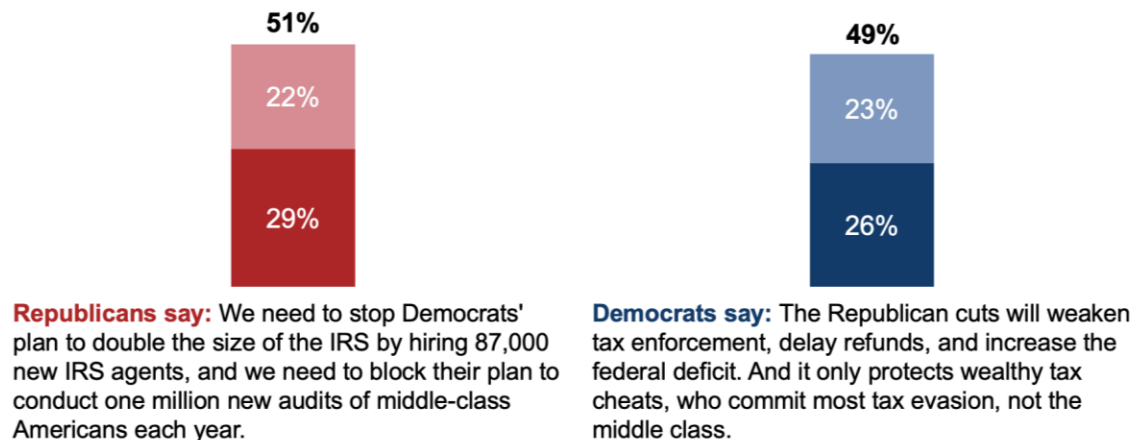
#3 House Republicans' attack on IRS funding can be fought to a draw with a focus on wealthy tax cheats.

- In the early months of their majority, House Republicans have focused considerable attention on their promise to repeal \$80 billion in funding for the IRS that was included in the Inflation Reduction Act. However, this survey reveals that this is not the powerful political attack they seem to imagine. Initially, a 55% majority say they favor cutting the new funding while 45% want to maintain it, hardly an overwhelming verdict. Even this modest GOP advantage disappears when we present voters with a choice between the Republican and Democratic arguments on the issue. Voters split between agreeing that Democrats want to “double the size of the IRS” and increase audits on Americans and agreeing that the Republican cuts serve to protect wealthy tax cheats over the middle class (51% agree more with Republicans and 49% agree more with Democrats).

Voters are split on IRS funding debate

Which statement do you agree with more?

■ Republicans much more ■ Republicans somewhat more ■ Democrats somewhat more ■ Democrats much more



- There are several arguments for opposing the Republican proposal to cut IRS funding that resonate widely with voters. Top-testing arguments center the notion that cutting IRS funding will make it easier for large corporations and the wealthy to get away with not paying their fair share, rather than focusing on a potential decline in customer service for taxpayers:

- *Turning a blind eye to tax fraud will give an illegal tax break of over \$160 billion to large corporations and the wealthy over the next decade. (68% strong reason to oppose GOP bill)*
 - *This plan will allow wealthy tax cheats to continue getting out of paying taxes they owe (67%).*
 - *While working people pay 99% of the taxes they owe, research shows the richest 1% avoid paying about one-fifth of the taxes they owe each year because of lax enforcement on the wealthy and corporations (67%).*
- Messaging against IRS cuts should focus on the negative consequences of decreased funding, more than making the case for strengthening or improving the IRS as an institution. Democrats should highlight the many ways in which IRS cuts make it easier for the wealthy and large corporations to not pay their fair share.
- While a broad majority of 68% of voters believe strengthening the enforcement of laws to reduce tax evasion by the wealthy is an important goal for Congress, just 48% prioritize “modernizing and improving” the IRS, and only 34% believe “strengthening the IRS” is an important goal.

#4 Republicans’ refusal to ask the wealthy and large corporations to pay their fair share is a political liability for their candidates.

- Republicans’ record of trying to repeal progressive tax policies, as well as their regular flirtation with new policies that would further shift the tax burden onto average Americans—such as a national sales tax—puts them at odds with the overwhelming preferences of voters. In fact, at least two in three voters indicate they are less likely to vote for candidates who hold each of the tax positions in the table below.

<i>Would this tax position make you more, or less likely to vote for a candidate?</i>	Total More Likely %	Total Less Likely %
Voted to allow many corporations with profits over \$1 billion to avoid paying any federal income taxes	11	75
Voted to make it easier for the wealthy and corporations to cheat on their taxes	11	75
Voted to allow many billionaires to pay a federal tax rate of less than 15%, lower than the average American	12	72
Favors establishing a new national sales tax of 30%	12	66

- Republicans' commitment to permanent extension of all the 2017 Trump tax cuts will be another daunting hurdle for them to try to clear. Only a third of voters (34%) want to make all of the Trump tax cuts permanent, while 58% prefer the Democrats' position of continuing those 2017 tax cuts that benefited the middle class while ending the tax cuts for the wealthy. However, it will be incumbent on Democrats to clarify their position on the Trump tax cuts, because if voters believe this is an "all or nothing" proposition, a 48% plurality prefers keeping all of the Trump tax cuts over letting them all expire (35%).
- Despite frequent Republican attacks on the tax front, only 30% of voters believe that President Biden wants to raise taxes on the middle class. In contrast, 49% say that Biden is only trying to raise taxes on the wealthy and corporations. However, Democrats will need to work to inform the 21% who are unsure that Biden has made a commitment to avoid tax hikes on the middle class.
- Ensuring tax fairness is both an area of current strength and potential growth for Democrats. Democrats have an initial 42% to 35% advantage with voters on handling this issue. Importantly, this seven-point advantage doubles to 14 points (48% prefer Democrats, 34% prefer Republicans) after voters are exposed to both parties' messaging on all of these tax issues.

Which party would do a better job of making taxes fair?

