

July 13, 2021

## **Open Letter to the United States Senate**

Dear Senator:

We the undersigned organizations write to express our strong concerns over a proposed tax increase included in the framework of the bipartisan infrastructure package that would be a direct tax on American job creators. As organizations dedicated to protecting individuals and businesses from higher taxes, we believe that this infrastructure deal, while still flawed, would be stronger without higher tax burdens that threaten the strength of the economic recovery.

According to the fact sheet released at the end of June, the bipartisan group's framework would impose the Superfund excise tax at twice its prior levels, a tax hike that would raise roughly \$13 billion over the next ten year period. On an annualized basis, it is estimated that a doubling of the Superfund tax would result in a \$1.211 billion higher tax burden on American producers. This tax was last in place in the mid-1990s and would likely be a significant expense for businesses in the near term as they attempt to navigate the tax.

A tax increase on job creators, individuals, or consumers is always a precarious endeavor, but in the midst of a recovery from a downturn precipitated by the response to the pandemic could threaten our economic vitality in the years to come. On this point, a recent economic analysis regarding the impact of a "Superfund Tax" shows thousands of jobs at risk, particularly along the Gulf Coast. Fewer people working means less money in pockets and less money to spend around the economy—a scenario that benefits no one.

Consumers are also not likely to be spared from the consequences of this tax. As is typically the case with tax increases at the producer level, these added operating costs are almost certainly passed along to consumers in the form of higher prices. As a result, goods that use the more than 40 inputs impacted by this tax would likely be more expensive. Products such as light vehicle components, building and construction materials, water purification systems, and even "green" energy implements could end up being more expensive. Given the real-life concerns of the public and economists of rapidly rising inflation, government policies that would artificially raise prices are the wrong approach at the worst possible time.

The doubled Superfund tax is also full of ironic twists, just as its wasteful predecessor was when allegations of misspent cleanup monies proliferated during the 1980s and 1990s. For one, the tax applies to U.S. employers that extract or utilize minerals deemed critical by the government for the domestic industrial base. Increasing taxes on critical mineral development is contradictory and counterproductive to efforts aimed at increasing our domestic critical mineral supply chain, a goal championed by several of the lawmakers now endorsing the bipartisan infrastructure framework.

Furthermore, while environmentalists may reflexively cheer the reimposition of Superfund levies, they should remember that this "pay-for" in the infrastructure package, replete with Trust Fund gimmicks, will not necessarily provide resources for cleaning up a single additional site.

We believe that any infrastructure deal should avoid higher taxes on businesses that would slow economic recovery, kill jobs, and increases prices on consumer goods. We urge lawmakers to stand with taxpayers and consumers by removing the “Superfund Tax” from this deal.

Sincerely,

National Taxpayers Union

60 Plus Association

Americans for Tax Reform

Consumer Choice Center

Council for Citizens Against Government Waste

FreedomWorks

Independent Women’s Forum

Independent Women’s Voice

Taxpayers Protection Alliance