

Equity and Prosperity Agenda: Summary

Make the Tax Code Fairer at the Top and the Bottom of the Income Ladder

For decades, our tax code has favored billionaires and large corporations. It's time to make them pay their fair share so we can bring down costs for families and build real prosperity, putting cash in families' pockets and investing in our communities and a competitive economy.

Expand tax credits to put money back into people's pockets

The Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) are two of the most effective tools to boost working families, putting billions of dollars back in the pockets of individuals and families [who spend them](#), [boosting local economies](#) and helping small businesses flourish. The 2021 expanded CTC helped families succeed. It [created private-sector jobs](#) and [made it easier for parents to work, get professional training, or start new businesses](#). And these tax credits have the potential to [cut child poverty in half](#) and [narrow racial disparities](#) created by generations of unequal access to opportunity with outsized benefits for families of color.

- **Make the CTC fully available to all low- and middle-income families and accelerate the phase-in for the EITC** instead of imposing outdated income tests that [exclude 18 million kids](#) – one in four kids – from the full CTC. These children are disproportionately Black and Brown, live in single-mother households, and live in rural areas, especially in the South.
- **Restore the CTC for immigrant children.** The [Tax Cuts and Jobs Act \(TCJA\)](#) [stripped 1 million immigrant children](#) of CTC eligibility, and recent [Republican proposals](#) threaten to [exclude 4.4 million more kids who are U.S. citizens](#) in mixed-status households.
- **Increase the CTC** to \$3,000 for older children, \$3,600 for younger children, and \$6,000 for newborns to account for increased needs in babies' first years.
- **Pay credits monthly** to reduce reliance on payday loans and [keep one-third more kids out of poverty all year long](#) compared to receiving the credit in a lump sum at tax time.
- **Expand the EITC for workers who don't claim dependents** by restoring ARPA expansions: 1) make it available to adults of all ages; 2) increase the credit for workers without dependents, and 3) raise the income cap. The 2021 expanded EITC [tripled the credit](#) and doubled the number of participants from 7.6M to 15.1M – including 4.3M young adults and 1.6M seniors.

Raise corporate taxes to promote competition and cut costs for Americans

While many Americans have difficulty making ends meet, [corporate profits have skyrocketed](#) and [the rich have collected more wealth than ever before](#). Corporations have [benefited enormously](#) off the backs of workers, and [anticompetitive tax preferences](#) have driven corporate income tax revenue to [historically low levels](#). Unchecked corporate concentration has allowed firms to raise prices and hurt workers. In 2025, Congress should make corporations pay their fair share.

- **Raise the corporate tax rate with new tax brackets** so large corporations pay a higher rate than small businesses and new market entrants. A graduated rate up to 35% would raise \$90 billion, and new small businesses would face one fewer disadvantage in competing against corporations with significant market power.
- **Raise the corporate alternative minimum tax and enact a global minimum tax** to require corporations to pay a minimum share of the profits they report to shareholders (regardless of tax breaks they employ) and stop companies from hiding wealth and profits offshore.
- **Close loopholes that reward mergers that harm competition and raise prices**, such as in the recent bipartisan proposal from [Sens. Whitehouse and Vance](#).
- **End tax subsidies to industries that actively harm society**, such as the oil and gas industry, plastics, and unsustainable agricultural practices.

Raise more revenue from the wealthy to help families get by and boost racial equity

The TCJA was one of the largest tax giveaways to the ultrarich in history. It is increasing inequality and the racial wealth gap, ballooning the deficit, and funding huge tax cuts for the wealthy and corporations while everyday workers and communities get next to nothing.

- **Restore the top marginal rate to historic levels.** Between 1932 and 1986, the highest earners paid a top marginal tax rate of at least 50%. Today, the top marginal rate is just 37%. Congress should restore a higher rate to ensure those with the most pay their fair share.
- **End the preferential tax rate for capital gains.** Capital gains, like all wealth, are [highly concentrated among wealthy, white households](#) — with [92% of capital gains going to white families](#) in 2023. Often, these profits are not taxed at all, but even when they are, they are taxed at a rate much lower than ordinary income like wages.
- **Close the tax break on unrealized capital gains.** Among high-wealth families, [43% of wealth is held in unrealized capital gains](#) (e.g. stock that has gained value but hasn't been sold), and the rich avoid paying taxes on them by never selling and instead borrowing against their assets at very low interest rates. A ["mark-to-market"](#) system would impose a tax each year based on how much their assets increased in value.
- **Close the stepped-up basis loophole**, which allows wealthy families to avoid paying taxes on asset growth over a person's lifetime once they die and pass it on to an heir.
- **Eliminate the current tax break for pass-through income** and consider more inclusive, pro-growth policies like progressive, bottom-up deductions to give small businesses and new market entrants a fair shot at competing.

Fund the IRS to make government more efficient and enforce the tax code fairly

The IRS must be able to collect the revenue individuals and corporations owe to keep government working, and current cuts are only harming its ability to enforce the tax code. With IRA funding, the IRS has been able to focus on high-income households and has already [recovered \\$1.3 billion in back taxes from high-income, high-wealth households](#). Over the 10-year outlook, the \$80 billion in IRA funding for the IRS will [increase revenue by \\$561 billion](#), a ROI of \$7 for every \$1.

Read the full Equity & Prosperity Agenda: economicsecproj.org/equity-prosperity