



FOR IMMEDIATE RELEASE: April 18, 2022

## **THIS TAX DAY, TENNESSEE WORKING FAMILIES ARE PAYING THEIR FAIR SHARE BUT TENNESSEE BILLIONAIRES ARE NOT**

*\$21 Billion, or 85%, Pandemic Wealth Gain of Tennessee's 10 Billionaires May Well Go Untaxed, Making Case for President Biden's Proposed Billionaires Income Tax*

*Passage of Billionaires Income Tax Could Deliver up to \$1.1 Billion a Year to Tennessee if Distributed Like Current Federal Grants*

WASHINGTON, D.C. – Tennessee's 10 billionaires grew \$21 billion, or 85%, richer over the first two years of the pandemic, from March 2020 to April 5, 2022, according to Forbes data analyzed by Americans for Tax Fairness (ATF). [See table below] Despite their increased wealth, it is likely that these richest people in the state paid little if any federal income taxes on those investment gains, unlike working families in Tennessee who pay taxes in each paycheck. Tennessee billionaires are now worth about \$45.7 billion.

Because of loopholes in current law, billionaires often pay little or no federal income tax. An expose last year by ProPublica based on IRS data revealed that Elon Musk, Jeff Bezos and other top [billionaires paid zero federal income tax](#) in several recent years. It determined that the top 25 billionaires paid just a 3.4% tax rate between 2014 to 2018 when the growth in their wealth is counted as income. White House economists have determined the nation's 400 richest billionaires [paid a tax rate of only 8.2%](#) over a recent nine-year span when the increased value of their corporate stock alone was counted as income. The average federal income-tax rate [for all taxpayers was 13.3%](#) in 2019.

Billionaires and other very wealthy people generate wealth through corporate stock and other investments, but they can avoid paying income taxes on the growth of their investments because the rising value of their wealth from these assets is not taxed unless those assets are sold. The very wealthy [do not need to sell their assets](#) to turn the increasing value of their wealth into cash income; instead, they use their swelling fortunes to secure special low-interest loans allowing them to live lavishly without paying income taxes. Moreover, a lifetime of such income growth from assets can be [passed onto the next generation tax-free](#).

Congress can close this massive tax loophole through a billionaires income tax, such as [proposed recently by President Joe Biden](#) and earlier by Sen. Ron Wyden (D-OR), the [Senate's chief tax writer](#). A comparison of the two proposals can be found [here](#).

Both proposals would tax investment gains of the superrich more like the wages of workers are taxed now. Requiring billionaires to pay a fairer share on the growth in value of their assets

would make the tax system more equitable and generate revenue that would greatly benefit the economy and increase services and opportunities for millions of Americans.

Name	Net Worth Mar. 18, 2020 (\$ Millions)	Net Worth Apr. 5, 2022 (\$ Millions)	24 Month Wealth Growth (\$ Millions)	24 Month % Wealth Growth
<b>TENNESSEE</b>	<b>\$24,700</b>	<b>\$45,748</b>	<b>\$21,048</b>	<b>85.2%</b>
Thomas Frist Jr	\$7,500	\$20,224	\$12,724	169.6%
Fred Smith	\$2,700	\$4,692	\$1,992	73.8%
Martha Ingram	\$4,400	\$4,206	(\$194)	-4.4%
Jimmy Haslam	\$2,700	\$3,853	\$1,153	42.7%
Jon Yarbrough	\$2,200	\$3,070	\$870	39.5%
Brad Kelley	\$2,400	\$2,690	\$290	12.1%
Bill Haslam	\$1,600	\$2,375	\$775	48.5%
Willis Johnson	N/A	\$2,029	N/A	N/A
Jeffrey Lorberbaum	N/A	\$1,374	N/A	N/A
Forrest Preston	\$1,200	\$1,235	\$35	2.9%

**Source:** Forbes data from March 18, 2020, and April 5, 2022, analyzed by Americans for Tax Fairness and available [here](#).

The public overwhelmingly favors a billionaires income tax. In a [national poll](#), President Biden’s Billionaire Minimum Income Tax was supported by a margin of 59% to 31% with 55% of Independents and 46% of Republicans supporting the tax. In another national poll, Sen. Wyden’s tax was supported by a margin of 64% to 25%, including 61% of Independents and 47% of Republicans supporting the tax.

The billionaires income tax proposed by President Biden would [raise about \\$360 billion](#) over 10 years and the version proposed by Sen. Wyden would raise nearly \$560 billion over 10 years. Nationally, it could do a great deal to help [lower costs for working families](#) by funding access to affordable healthcare and lower housing costs, ensuring the expanded Child Tax Credit benefits that recently expired could be extended for another four years, significantly lower the cost of childcare for working families and more.

**If that revenue was distributed to the states based on historical levels of federal grants to state budgets, Tennessee [could gain](#) about \$710 million or \$1.1 billion a year for 10 years, respectively, from the Biden and Wyden billionaires tax plans.** This is based on budget data from the National Association of State Budget Officers. Between 2019 and 2021, federal grant funds made up an average of about 43% of Tennessee’s state budget.

Federal grant funds to states [pay for numerous programs and services](#): healthcare (Medicaid and CHIP), childcare, food and nutrition (SNAP, WIC), education (Head Start, Title I and IDEA), housing, transportation (highways, airports, and mass transit), public safety and much more. These funds represent nearly one-third of state budgets on average and nearly one-quarter of state and local budgets combined. Additional funds generated by a billionaires income tax could

be used to lower costs to the state's working families for vital services like healthcare, childcare and housing.

The potential of \$710 million or \$1.1 billion a year in federal grants [would add about](#) 1.8% or 2.8% to the state's budget, respectively, based on an average of the state's budgets between 2019 and 2021.

"The failure to tax increases in billionaire wealth from skyrocketing corporate stock and other investments is the worst loophole in our loophole-ridden tax code. Workers pay tax on their income all year, every year. Simple justice demands that billionaires do the same," said **Frank Clemente, executive director of Americans for Tax Fairness**. "Congress should close this loophole in the legislation members are now negotiating to help families cope with rising prices and make major investments in clean energy, all paid for by more fairly taxing the rich and corporations."

Over the two years since the national COVID emergency was announced in March 2020, the wealth of America's billionaires has climbed by \$2 trillion, or 70%, to a total of **\$5 trillion, as of April 5**. The total number of billionaires has increased from **614 to 741**. [\[See national table\]](#)

Among the notable increases in wealth:

- **Elon Musk:** The driving force behind Tesla and SpaceX saw his wealth skyrocket by over 11-fold, or \$266 billion, to settle at \$290 billion.
- **Jeff Bezos:** The man who started Amazon is now worth nearly \$190 billion, after an \$77 billion leap in wealth during the pandemic.
- **Larry Page and Sergei Brin:** The Google co-founders saw their wealth climb more than 133% – and are now worth \$119 billion and \$114 billion, respectively.

This billionaires' bonanza has played out against the pandemic pall: 1,972,565 Tennessee residents have contracted COVID-19 and 25,361 have died from it. Many small businesses have closed, daily life has been disrupted and the cost of everything from housing to gas has consumed a greater share of household incomes. Although prompt and ample federal action prevented much worse economic consequences from COVID and helped to speed recovery, businesses and families will once again face perils as many of these interventions expire shortly.

Millions of families, for instance, could face [steep increases in healthcare premiums or loss of insurance coverage](#) in the second half of this year as pandemic responses fall away:

- **Medicaid Coverage:** Early in the pandemic, as millions of Americans lost jobs and healthcare coverage, Congress passed the bipartisan Families First Coronavirus Response Act that covered many more people. The federal government increased matching funds to states and ensured that Medicaid enrollees would be continuously covered through the duration of the public health emergency. Once the public health emergency expires—which it is expected to do this year—as many as [13 million people could lose health coverage](#) over the next 12 months. In Tennessee about 180,000 of the state's 1,535,000 [Medicaid patients](#) could lose their coverage, according to an Urban Institute study (see table 2).

- **Closing the Medicaid Coverage Gap:** The [ACA greatly expanded Medicaid](#), the low-income insurance program jointly funded by the federal government and the states. Washington induced states to participate in this reform (the Supreme Court ruled it could not be required) by temporarily funding the entire expansion, with the ratio declining in recent years to a permanent 90-10 federal-state funding formula. Yet at the outbreak of the pandemic, a dozen states, including Tennessee, still had not expanded their programs. This left millions of Americans in “[the Medicaid gap](#)”: ineligible for traditional Medicaid but unable to afford even subsidized ACA coverage. COVID relief measures in 2020 and 2021 [temporarily closed the Medicaid gap](#) by providing 100% matching funds from the federal government to cover the cost, but that will disappear without new funding this year.
- **Affordable Care Act (ACA) Coverage:** Congress and the Biden Administration also took action to make private insurance more affordable during COVID by passing the American Rescue Plan, which provided enhanced premium assistance to help more people buy ACA coverage. This resulted in [record high enrollment](#) in insurance marketplace plans this year. However, the enhanced premium assistance that saved individuals over \$800 last year, will expire at the end of 2022 if Congress does not take action. This will price [millions nationwide out of coverage](#), among them many of the roughly 212,000 [ACA policy holders](#) in Tennessee.

Continuing affordable healthcare coverage for millions of America’s working families [would cost about \\$50 billion a year](#). That cost could be covered by Sen. Wyden’s tax on just the nation’s 700 or so richest households, preventing hundreds of thousands of Tennessee residents from losing health care.

Current proposals to create a billionaires income tax represent a historic change in direction away from decades of proliferating tax breaks and wider loopholes for the wealthy that have contributed to a growing wealth gap between the nation’s richest families and everyone else. President Trump’s 2017 Tax Cuts and Jobs Act (TJCA), the last major tax legislation passed by Congress, provided \$1.9 trillion in tax giveaways [mainly to the rich and corporations](#).