

Resolution Title: Resolution To Build Resources for Public Education and Roll Back Corporate Welfare and Corporate Tax Shelters
Submitted by: Professional Staff Congress, Local 2334

Whereas, multinational corporations operating in the U.S. rely on the American infra-structure, especially its education system; and

Whereas, corporate federal and local taxes have declined to only 1.5% of GDP in 2002 compared to 4.1% of GDP in 1965; and

Whereas, these extremely low rates largely due to the explosion of tax shelters written into the tax code* with the greatest benefits going to the largest corporations and rewarding companies for outsourcing jobs from the United States; and

Whereas, these tax policies cost ordinary taxpayers \$50 billion per year; and

Whereas, tax breaks for corporations mean that the essential costs of maintaining the infrastructure are transferred to middle income wage earners; and

Whereas, funding for public education is directly harmed by the continuous shrinking of the national and local tax base; and

Whereas, corporations should be required to pay their fair share of taxes, nationally and locally; therefore be it

Resolved, that the American Federation of Teachers (AFT) make tax reform to close federal tax shelters and eliminate corporate welfare a legislative priority; and be it further

Resolved, that AFT lobby to ensure that resources recovered through tax reforms be used to benefit public education as well as programs that our members and most Americans rely on (e.g. environmental and consumer protection, real prescription coverage in Medicare, decreasing the national debt, making college affordable, preserving social security, strengthening OSHA.); and be it further

Resolved, that AFT works with the AFL-CIO to identify and disseminate information to its members and the general public about corporations that evade taxes.

*Citizens for Tax Justice: The examples do not include overseas profits or additional tax advantages some companies receive from “incorporating” in tax havens like Bermuda or the Cayman Islands. From 1996 – 2000 **Enron** earned \$1.785 billion in profits, paid zero in federal taxes, but received a tax rebate of \$381 million. Its lowest profit during the period was \$87 million with a high of \$618 million in 2000. **Microsoft** paid no tax at all in 1999, despite earning \$12.3 billion in reported U.S. profits. Ford paid only a tax rate of 5.7% on its \$18.6 billion in profits in 1999 and 2000.

Worldcom paid no taxes in 2 of the last 3 years, despite reporting U.S. profits of \$15.2 billion. Worldcom’s total tax rate (1998-2000) was only 1.6 %. **Colgate-Palmolive** paid no taxes in 3 of the last 5 years, despite \$1.6 billion in U.S. profits. They received corporate tax welfare of \$595 million for an effective tax rate of minus 1.3%.

I hereby certify that the above resolution was approved for submission to the 2004 AFT Convention by the:

_____ **Delegate Assembly** _____

at a meeting held on **May 27, 2004**

Signed: _____

(President)

(Secretary)

_____ **Professional Staff Congress** _____

Local or Retiree Council Name

_____ **Local 2334** _____

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