RETURN ON INVESTMENT

EXECUTIVE SUMMARY

House Ways and Means Chairman Dave Camp (R-MI) has been building a case for sweeping tax code reform since he took over the committee in 2011.¹ The draft tax reform proposal he released earlier this year² isn’t likely to become law, but companies and special interests have nonetheless spent the past three years vying to shape it—and they aren’t stinting on campaign contributions.

A new CREW analysis of campaign contribution data found the 10 biggest contributors to members of the House Ways and Means Committee between 2011 and 2013, the period when Rep. Camp’s draft tax reform proposal was in the works, plied members with nearly $5.8 million in campaign contributions. The contributions from those companies and associations rose more than 32 percent during that period, from $1.65 million in 2011 to $2.18 million in 2013. All are corporations and associations with wide-ranging lobbying agendas before Ways and Means that include enormous interests at stake with tax reform: New York Life Co., Honeywell, PricewaterhouseCoopers (PwC), the National Beer Wholesalers Association, the Investment Company Institute, United Parcel Service (UPS), the American College of Radiology Association, the Wine and Spirits Wholesalers of America, General Electric Co., and the National Multifamily Housing Council. Those companies and associations spent more than $158 million lobbying the federal government between 2011 and 2013.

Tax reform has shaped up to be a complex, multiyear slog, with major players agreeing it’s time for changes to the tax code, but differing over the shape such changes should take.³ Rep. Camp’s plan has been widely hailed as the most ambitious tax reform effort since a sweeping overhaul was passed in 1986, nearly three decades ago.⁴ His 979-page draft would lower corporate rates while eliminating many breaks, changes that would simplify the tax code, and his proposals are so sweeping, many companies and associations are still determining whether they would win or lose should the proposal pass.⁵ Among other things, the draft would exempt most foreign income from U.S. taxes, impose a one-time tax on accumulated overseas profits, and extend the so-called active financing exception, which allows corporations to avoid immediate U.S. taxes

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¹ Nathan Hurst, Camp’s Top Job: Clean Up Tax Code, Detroit News, January 24, 2011.
⁵ Id.; House Committee on Ways and Means, Chairman Dave Camp, 113th Congress, Tax Reform Act of 2014, Discussion Draft, February 26, 2014.
on income generated offshore from some financial transactions, such as lending. Those changes would be a boost for companies such as Honeywell, UPS, and General Electric, which have lobbied to eliminate, or at least reduce, taxes on foreign income.

Rep. Camp has announced he is retiring from Congress at the end of this term. Still, despite the plan’s poor prospects, lobbyists and corporate interests worked hard to influence his proposal on the grounds that provisions in Rep. Camp’s plan could wind up in future tax reform legislation. In addition, there is concern that provisions in the Camp draft that raise revenue—eliminating certain tax breaks, for instance—could be broken out separately and added to other bills as a way to pay for spending, without being paired with the lower tax rates in the tax reform proposal that soften the blow. Parts of his proposal, including a bank tax and changes to the way private equity profits are taxed, have provoked a backlash. Immediately after the release of the Camp draft, donors in the financial sector threatened to break fundraising commitments to Republicans over provisions in the draft, demonstrating how seriously companies have taken the Camp proposal.

**Biggest Recipients**

Twenty-three of the 39 members on the Ways and Means Committee, or 59 percent, are Republicans and received 64 percent of the donations from the top 10 contributors, compared to 36 percent that went to the 16 Democratic members. The biggest recipient of contributions from the top 10 is, however, a Democrat, Rep. Joe Crowley (D-NY), who received $373,599. Shortly after the draft’s release, an aide to Rep. Crowley said the congressman was concerned about its elimination of the state and local tax deduction, a change that would affect residents of

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13 Rep. Crowley’s PAC appears to routinely accept contributions earmarked for other members. Some of the companies and associations on CREW’s list—PriceWaterhouseCoopers, the National Multi-Housing Council, the Wine & Spirits Wholesalers of America, the Investment Company Institute, the American College of Radiology Association and UPS—earmarked some of their donations to Rep. Crowley’s PAC as ultimately designated for other members. See Jobs, Opportunities and Education PAC (JOE-PAC), FEC Form 3, 2011-2013. Nonetheless, because the contributions were made to Rep. Crowley’s PAC, CREW included them in his total. Absent the earmarked contributions, Rep. Crowley still would be among the top five recipients of contributions from the 10 companies and associations included in this study.
states like New York. He also said tax reform should incentivize “growth here in the United States as opposed to overseas,” an area where he said the Camp draft “falls flat,” an apparent reference to the international tax provisions.

Rep. Camp is the second largest recipient, with $348,000. He received nearly 20 percent of his contributions—$64,000—from General Electric, which has a wide-ranging tax lobbying agenda before the committee. Rep. Peter Roskam (R-IL), a member of House leadership, is third, with $270,304. He issued a cautious statement upon the release of Rep. Camp’s draft, saying with its release, “the conversation about fixing our broken tax code can finally begin.” In the past, he has praised the merits of overhauling the taxation of corporate foreign income, saying it “doesn’t make any sense…to defend elements within our own tax code that lock capital overseas.”

Rep. Pat Tiberi (R-OH) is the fourth largest recipient, with $258,555. Rep. Tiberi has acknowledged the need for a tax overhaul. Rep. Tiberi issued a statement praising Rep. Camp for crafting the plan and said the draft is “meant to have the push and pull of members of Congress to improve it.” When asked about the possible impact supporting the draft would have on members’ fundraising, Rep. Tiberi said, “I think individual members, depending on how they do support or don’t support, I think it’ll be based on that.”

Rep. Devin Nunes (R-CA) is fifth, with $230,753. Rep. Nunes, who has called for replacing the current business tax structure with a new system that would allow companies to avoid taxes on all business expenditures, also supported Rep. Camp’s release of a tax reform discussion draft, and said he supported some of the details. “It needs to see the light of day so people can analyze it, maybe there are better ways to do it. I’m for starting the process.”

Conclusion

The tax reform debate is certain to rage on into the next Congress, and companies showering members of the Ways and Means Committee with campaign contributions will expect to get their money’s worth. Many members have yet to stake out detailed positions on the proposals in Rep. Camp’s draft, and any serious bid to simplify the tax code or eliminate existing breaks will continue to run up against a wall of special interests with competing priorities and substantial stakes in the outcome.

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19 Kelsey Snell, Patrick Tiberi Emerges as Tax-Reform Player, Politico, October 10, 2012; Sherman, Palmer, and French, Politico, Feb. 27, 2014.
22 Devin Nunes, Create Jobs? Reform Taxes?, Orange County Register, April 19, 2013.
24 Id.
METHODOLOGY

CREW relied on records of political contributions maintained by the Federal Election Commission (FEC) at www.fec.gov for all campaign contribution data. CREW built a database that included all contributions to the principal campaign committees and leadership political action committees (PACs) of all current members of the House Ways and Means Committee from 2011 to 2013, and analyzed the data to determine the 10 companies and associations whose employees and PACs contributed the most. CREW relied on reports maintained by the Senate Office of Public Records in its online Lobbying Disclosure Act Database for lobbying information. CREW also relied upon relevant media reports.

When CREW refers to contributions from a particular company or association, CREW is referring to donations made by the organization’s employees and PACs.
New York Life Insurance Co., one of the country’s biggest life insurance and retirement planning companies,\textsuperscript{25} was the largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $693,025. The company’s contributions to Ways and Means members rose 1.5 percent over that period. 64 percent of the company’s contributions went to Republican committee members and 36 percent went to Democratic committee members.

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\caption{Contributions by Party}
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\begin{figure}[h]
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\includegraphics[width=\textwidth]{biggest_recipients.png}
\caption{Biggest Recipients}
\end{figure}

\textsuperscript{25} \url{http://www.newyorklife.com/about/about-nyl}.
New York Life on tax reform: New York Life's chief executive officer, Theodore A. Mathas, was the 2012 chairman of the American Council of Life Insurers, which has helped organize industrywide lobbying efforts on tax reform. Mr. Mathas is also a member of the Business Roundtable, an association of leading American CEOs, which has pushed for comprehensive tax reform. The Business Roundtable has called for Congress to lower the top corporate tax rate from 35 percent to 25 percent and to reform current international tax rules. In a press release issued following the publication of Rep. Camp’s draft of comprehensive tax reform legislation, the Business Roundtable praised Rep. Camp for making “hard choices” that are “designed to grow the economy.”

Between 2011 and 2013, New York Life paid accounting firm Ernst & Young $920,000 to lobby on tax issues alone. The company retains other outside lobbyists that report lobbying on tax as well as other issues, so the company’s actual spending on tax lobbying is even higher. The company has repeatedly reported lobbying on issues dealing with the tax treatment of qualified savings, life insurance, and lifetime income products. It has also lobbied on bills that would simplify retirement savings plans.

Rep. Camp’s draft of comprehensive tax reform legislation would not change the way tax law treats individuals who purchase life insurance, the taxation of death benefits, or the so-called “inside buildup” exclusion that allows life insurance premiums to be invested tax-free, keeping intact some of the industry’s biggest priorities. The draft would reduce the corporate tax rate for corporations earning more than $10 million in taxable income from 35 percent to 25 percent over the next five years. It also featured provisions which would eliminate income limits for

26 Elizabeth D. Festa, ACLI Elects New York Life’s CEO Mathas as its Chairman, LifeHealthPro, October 18, 2011.
28 http://businessroundtable.org/about/members/theodore-mathas.
29 http://businessroundtable.org/about.
31 Id.
32 Id.
38 Committee on Ways and Means, Chairman Dave Camp, 113th Congress, Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary, February 26, 2014, at 49.
Individual Retirement Arrangement (IRA) contributions and freeze the inflation adjustment of the annual Roth IRA contribution limit for ten years.\textsuperscript{39}

Rep. Camp did propose new taxes on company-owned life insurance and life insurance companies as well as changes to retirement contribution limits and distribution rules, which prompted strong pushback from industry trade associations.\textsuperscript{40}

\textsuperscript{39} Id. at 36.

\textsuperscript{40} Press Release, AALU, the American Council of Life Insurers, GAMA International, the National Association of Insurance and Financial Advisors, and the National Association of Independent Life Brokerage Agencies, Life Insurance Industry Reacts to Chairman Camp’s Draft Tax Reform Proposal, February 27, 2014; Postal, LifeHealthPro, Mar. 3, 2014.
HONEYWELL

Honeywell, an energy and technology conglomerate,\(^4\) was the second largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $689,240. The company’s contributions to Ways and Means members rose 34.5 percent over that period. 66 percent of the company’s contributions went to Republican committee members and 34 percent went to Democratic committee members.

\(^4\) [http://honeywell.com/About/Pages/our-company.aspx](http://honeywell.com/About/Pages/our-company.aspx)
**Honeywell on tax reform:** Honeywell has reported lobbying on comprehensive corporate tax reform, as well as on international taxation, extensions of expiring tax provisions, energy tax incentives, and repatriation of overseas profits.\(^{42}\) Honeywell CEO David Cote has been a prominent public advocate for a territorial tax system that would allow companies to bring profits back from overseas without being taxed.\(^{43}\) Honeywell’s 2013 annual report said the amount of untaxed earnings held by Honeywell’s international subsidiaries was approximately $13.5 billion.\(^{44}\)

In May 2012, Mr. Cote told *CNBC* he believed the effective corporate tax rate should be zero percent.\(^{45}\) In a November 2013 interview with *Thomson Reuters*, he said “we need to have a globally competitive tax system for our companies. If you put U.S. companies at a disadvantage when they're competing in emerging economies, we're making a huge mistake.”\(^{46}\)

Rep. Camp’s draft of comprehensive tax reform legislation contains a host of provisions that could affect Honeywell. Among the most important, it would reduce the corporate tax rate for corporations earning more than $10 million in taxable income from 35 percent to 25 percent over the next five years.\(^{47}\) It would also adopt a territorial tax system, exempting most foreign income from U.S. taxes and imposing a one-time tax on accumulated overseas profits.\(^{48}\) The draft includes some provisions to make it harder to move profits offshore.\(^{49}\)

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Honeywell Lobbying Spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending</th>
</tr>
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<tbody>
<tr>
<td>2011</td>
<td>$6,910,000</td>
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<tr>
<td>2012</td>
<td>$8,120,000</td>
</tr>
<tr>
<td>2013</td>
<td>$5,610,000</td>
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PricewaterhouseCoopers (PwC), one of the world’s largest corporate accounting firms, was the third largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $593,150. The firm’s contributions to Ways and Means members rose 3 percent over that period. 64 percent of the firm’s contributions went to Republican committee members and 36 percent went to Democratic committee members.

![Contributions by Party](chart)

- **Republican committee members**: $212,750
- **Democratic committee members**: $380,400

### Biggest Recipients

- **Rep. Joe Crowley (D-NY)**: $64,000
- **Rep. Aaron Schock (R-IL)**: $32,600
- **Rep. John Larson (D-CT)**: $31,500
- **Rep. Devin Nunes (R-CA)**: $31,000
- **Rep. Ron Kind (D-WI)**: $29,250

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**PwC on tax reform:** PwC has come under scrutiny abroad for a number of tax avoidance tactics.\(^{51}\) In addition, the Senate Permanent Subcommittee on Investigations in April released a report finding Caterpillar paid PwC $55 million to create a tax strategy that allowed the company to transfer profits to Switzerland, saving the company $2.4 billion in U.S. tax payments.\(^{52}\)

PwC lobbies on tax issues, including tax reform, for a long list of corporate clients and coalitions. The Alliance for Competitive Taxation (ACT), a coalition of major U.S. corporations seeking to lower the top corporate tax rate, paid PwC $1.7 million in lobbying fees in 2013, one of the largest lobbying contracts in the U.S. that year.\(^{53}\) ACT calls for Congress to lower the top corporate tax rate to 25 percent and has pushed for a territorial tax system.\(^{54}\) In June 2013, PwC was hired by a group of corporate tax directors to act as tax policy advisors for another coalition focused on tax reform.\(^{55}\) Dennis Nally, the company’s chairman and senior partner is also a member of the Business Roundtable,\(^{56}\) an association of leading American CEOs,\(^{57}\) which has pushed for comprehensive tax reform.\(^{58}\) The Business Roundtable has called for Congress to lower the top corporate tax rate from 35 percent to 25 percent and to reform current international tax rules.\(^{59}\) In a press release issued following the publication of Rep. Camp’s draft of comprehensive tax reform legislation, the Business Roundtable praised Rep. Camp for making “hard choices…designed to grow the economy.”\(^{60}\)

Rep. Camp’s draft of comprehensive tax reform legislation would reduce the corporate tax rate for corporations earning more than $10 million in taxable income from 35 percent to 25 percent over the next five years.\(^{61}\) It would also adopt a territorial tax system, exempting most foreign income from U.S. taxes and imposing a one-time tax on accumulated overseas profits.\(^{62}\) The draft includes some provisions to make it harder to move profits offshore.\(^{63}\)

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52. Peter Schroeder, **Schock Blasts Levin's Caterpillar Probe**, *The Hill*, April 1, 2014.
57. **http://businessroundtable.org/about**.
59. **Id.**
60. **Id.**
61. **Committee on Ways and Means, Chairman Dave Camp, 113th Congress, Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary**, February 26, 2014, at 49.
* Numbers reflect lobbying by PwC on its own behalf, not include lobbying on behalf of outside clients.
National Beer Wholesalers Association (NBWA), a trade group representing 3,300 licensed, independent beer distributors,\(^{64}\) was the fourth largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $590,500. The association’s contributions to Ways and Means members rose 2.5 percent over that period. 61 percent of the association’s contributions went to Republican committee members and 39 percent went to Democratic committee members.

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\(^{64}\) [http://nbwa.org/about](http://nbwa.org/about)
The NBWA on tax reform: In a statement on tax reform submitted to the Ways and Means Committee in April 2013, the association said most member companies are organized as partnerships, limited liability companies, or S corporations, which are known as “flow-through entities.” Under those types of structures, business owners pay taxes directly on their business income via their individual income tax returns. Citing that, the NBWA urged the committee to lower tax rates for both corporations and individuals, pushed back on proposals that would increase taxes on flow-through business income, and opposed possible accounting changes that could result in such businesses paying more in taxes. In addition, the NBWA has long advocated for repeal of the federal estate tax, arguing the need to pay estate taxes potentially forces heirs to sell their businesses. In its statement, however, the NBWA described itself as “appreciative” of a 2012 compromise on estate tax levels, and limited itself to asking the committee not to increase estate or gift taxes as part of tax reform. The NBWA also called on Congress to preserve the “last-in, first-out” (LIFO) accounting method which is a common inventory-accounting technique used by many beer distributors. The NBWA is also a member of the LIFO Coalition, a group of 125 companies and business associations opposed to LIFO repeal.

Rep. Camp’s draft of comprehensive tax reform legislation would lower rates for the highest corporate and personal earners and, according to a summary released by the committee, includes provisions aimed at “reducing the tax burden on S corporations generally.” The draft, however, also eliminates a wide range of business tax breaks, such as deductions for advertising expenses. The impact on flow-through entities such as S corporations would be complicated and would vary depending on multiple factors, but some could wind up paying more. In addition, the proposal repeals the LIFO accounting technique. The draft does not make any changes to the estate tax or gift tax.

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67 Statement Submitted by the National Beer Wholesalers Association to the House Ways and Means Committee, April 15, 2013.
68 Id.
69 Id.
70 Id.
72 Committee on Ways and Means, Chairman Dave Camp, 113th Congress, Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary, February 26, 2014, at 1, 49, and 112.
The Investment Company Institute (ICI), the national association of U.S. investment companies, which works to advance the interests of mutual funds, was the fifth largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $560,350. The association’s contributions to Ways and Means members rose 43.7 percent over that period. 65 percent of the association’s contributions went to Republican committee members and 35 percent went to Democratic committee members.

Contributions by Party

- Republican committee members: $194,000
- Democratic committee members: $366,350

Biggest Recipients

- Rep. Joe Crowley (D-NY): $38,500
- Rep. Devin Nunes (R-CA): $35,000
- Rep. Paul Ryan (R-WI): $34,100
- Rep. Dave Camp (R-MI): $31,000
- Rep. Richard Neal (D-MA): $31,000

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77 http://www.ici.org/about_ici/mission.
ICI on tax reform: In a statement on tax reform submitted to the Ways and Means Committee in April 2012, ICI encouraged members to protect retirement tax incentives currently in place. ICI said “any changes should only build upon our existing system that, through tax incentives and other features, successfully encourages millions of Americans to accumulate savings during their working lives and therefore generate adequate income in retirement.”

Rep. Camp’s draft of comprehensive tax reform legislation proposed eliminating income limits for IRA contributions with a goal of helping “Americans achieve greater retirement security by effectively increasing the amounts they have available at retirement,” though his plan would also put in place a 10 percent surtax on retirement contributions by high earners. It also featured provisions that would eliminate income limits for Individual Retirement Arrangement (IRA) contributions and freeze the inflation adjustment of the annual Roth IRA contribution limit for ten years. The proposal would incentivize retirement investors to move their money to Roth-style IRAs.

ICI issued a cautious press release on Rep. Camp’s draft, saying it contained “a number of provisions that would affect mutual fund investors,” including tax treatment of 401(k) plans and IRAs, among other things, and promising to “carefully review the proposal.” The ICI is a member of the Coalition to Protect Retirement, which in April sent Rep. Camp a letter expressing concern about several provisions in the draft, including the proposal for a new surtax on retirement contributions by higher earners, freezing the inflation adjustments for the limits on annual contributions to retirement plans and IRAs, and the incentives to use Roth IRAs, which the coalition said would add complexity and administrative costs.

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79 Id.
84 Letter from the Coalition to Protect Retirement to House Committee on Ways and Means Chairman Dave Camp, April 4, 2014.
ICI Lobbying Spending

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<th>Year</th>
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<tr>
<td>2012</td>
<td>$5,065,106</td>
</tr>
<tr>
<td>2011</td>
<td>$5,019,396</td>
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The graph shows the lobbying spending for the years 2011, 2012, and 2013. The spending amounts are as follows:

- 2013: $5,449,975
- 2012: $5,065,106
- 2011: $5,019,396
UNITED PARCEL SERVICE

United Parcel Service (UPS), the largest package delivery company in the world, was the sixth largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $551,438. The company’s contributions to Ways and Means members rose 29.9 percent over that period. 70 percent of the company’s contributions went to Republican committee members and 30 percent went to Democratic committee members.

Contributions by Party

- Republican committee members: $166,943
- Democratic member committee: $384,495

Biggest Recipients

- Rep. Joe Crowley (D-NY) - $35,000
- Rep. Charles Boustany (R-LA) - $34,500
- Rep. Tom Price (R-GA) - $32,018
- Rep. Aaron Schock (R-IL) - $31,000
- Rep. Pat Tiberi (R-OH) - $30,500

**UPS on tax reform:** In 2011, Kurt Kuehn, UPS’ chief financial officer, traveled to Capitol Hill to urge members of Congress to lower corporate tax rates and convert to a territorial system that would allow companies to bring profits back from overseas without being taxed. UPS is also a member of the Alliance for Competitive Taxation (ACT), a coalition of major U.S. corporations seeking to lower the top corporate tax rate. ACT calls for Congress to lower the top corporate tax rate to 25 percent and has pushed for a territorial tax system.

Rep. Camp’s draft of comprehensive tax reform legislation would reduce the corporate tax rate for corporations earning more than $10 million in taxable income from 35 percent to 25 percent over the next five years. It would also adopt a territorial tax system, exempting most foreign income from U.S. taxes and imposing a one-time tax on accumulated overseas profits. The draft includes some provisions to make it harder to move profits offshore.

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87 Press Release, Alliance for Competitive Taxation, Alliance for Competitive Taxation (ACT) Launches to Promote Comprehensive Tax Reform, June 4, 2013; [http://actontaxreform.com/about/who-we-are/](http://actontaxreform.com/about/who-we-are/).
The American College of Radiology Association (ACRA), a trade association made up of radiologists, oncologists and other medical professionals,\(^9\) was the seventh largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $542,000. The association’s contributions to Ways and Means members rose 14.9 percent over that period. 74 percent of the association’s contributions went to Republican committee members and 26 percent went to Democratic committee members.

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\(^9\) [http://www.acr.org/About-Us](http://www.acr.org/About-Us)
ACRA on tax reform: The ACRA has pushed Congress to repeal a 2.3 percent excise tax on certain taxable medical devices, including X-ray and MRI machines.\textsuperscript{93} Congress passed the tax to help pay for the Affordable Care Act, and since it went into effect on January 1, 2013, the medical device sector has lobbied hard for repeal.\textsuperscript{94} In September 2013, the group signed on to a letter asking House and Senate leaders to repeal the tax, which it claims stifles innovation while also adversely affecting patient access to new medical technologies.\textsuperscript{95}

Rep. Camp’s draft of comprehensive tax reform legislation would repeal the medical device tax.\textsuperscript{96}

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\caption{ACRA Lobbying Spending}
\end{figure}

\textsuperscript{93} \url{http://www.irs.gov/uac/Medical-Device-Excise-Tax:-Frequently-Asked-Questions}.
\textsuperscript{95} \url{http://advamed.org/res.download/372}; ACR Supports Bill to Kill Medical Device Tax, American College of Radiology, October 4, 2013.
\textsuperscript{96} Committee on Ways and Means, Chairman Dave Camp, 113th Congress, \textit{Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary}, February 26, 2014, at 179.
The Wine & Spirits Wholesalers of America (WSWA), a trade association of the nation’s wholesale distributors of wine and liquor,\(^7\) was the eighth largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $539,540. The association’s contributions to Ways and Means members rose 76.9 percent over that period. 55 percent of the association’s contributions went to Republican committee members and 45 percent went to Democratic committee members.

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\(^7\) [http://www.wswa.org/about](http://www.wswa.org/about)
WSWA on tax reform: The WSWA has taken a strong stance against repeal of the last-in, first-out (LIFO) method of accounting. WSWA said LIFO is used by almost all WSWA members and “it is imperative that American family-owned businesses continue to use LIFO in order to remain competitive job creators in their local communities.”98 WSWA is also a member of the the LIFO Coalition, a group of 125 companies and business associations opposed to LIFO repeal.99 The WSWA has also advocated for the protection of S corporations, which are known as “flow-through entities.”100 Under those types of structures, business owners pay taxes directly on their business income via their individual income tax returns.101 On its website, WSWA said any tax reform legislation that treats S corporations like other corporations “will result in significant tax increases for American family-owned business.”102

Rep. Camp’s draft of comprehensive tax reform legislation would lower rates for the highest corporate and personal earners and, according to a summary released by the committee, includes provisions aimed at “reducing the tax burden on S corporations generally.”103 The draft also eliminates, however, a wide range of business tax breaks, such as deductions for advertising expenses.104 The impact on flow-through entities such as S corporations would be complicated and would vary depending on multiple factors, but some could wind up paying more.105 In addition, Rep. Camp’s proposal repeals the LIFO accounting technique.106 In March 2014, the coalition, including WSWA, sent Rep. Camp a letter, urging him to reconsider LIFO repeal in his tax reform legislation.107

103 Committee on Ways and Means, Chairman Dave Camp, 113th Congress, Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary, February 26, 2014, at 49 and 112.
GENERAL ELECTRIC CO.

General Electric Co. (GE), one of the largest multinational conglomerates in the U.S.,\(^\text{108}\) was the ninth largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $526,700. The company’s contributions to Ways and Means members rose 79.8 percent over that period. 66 percent of the company’s contributions went to Republican committee members and 34 percent went to Democratic committee members.

\[\text{Contributions by Party} \]

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\begin{align*}
\text{Republican committee members} & : \$177,250 \\
\text{Democratic committee members} & : \$349,450
\end{align*}
\]

\[\text{Biggest Recipients} \]

\begin{align*}
\text{Rep. Dave Camp (R-MI)} & : \$64,000 \\
\text{Rep. Joe Crowley (D-NY)} & : \$27,500 \\
\text{Rep. Richard Neal (D-MA)} & : \$27,500 \\
\text{Rep. Sander Levin (D-MI)} & : \$26,500 \\
\text{Rep. Pat Tiberi (R-OH) / Rep. Charles Boustany (R-LA)} & : \$26,000
\end{align*}

GE on tax reform: GE has been criticized for aggressive tactics designed to minimize its U.S. tax burden, resulting in single-digit tax rates.\(^{109}\) In 2011, GE’s CEO, Jeffrey Immelt, said in a speech at Dartmouth College, “Corporate tax in this country needs to be reformed.”\(^{110}\) Mr. Immelt said he would accept the closing of tax loopholes in exchange for lower corporate tax rates.\(^{111}\)

Between 2011 and 2013, GE paid approximately $11 million to seven outside lobbying firms that reported lobbying only on tax issues for the company: the Breaux Lott Leadership Group, Capitol Counsel, Capitol Tax Partners, Elmendorf Ryan, Ernst & Young, Federal Policy Group, and Liz Robbins Associates.\(^{112}\) The company’s in-house lobbyists and other outside lobbyists report lobbying on tax as well as other issues, so the company’s true spending on tax lobbying is even higher.\(^{113}\) The lobbyists working on tax issues for the company include former Sens. John Breaux (D-LA) and Trent Lott (R-MS), former Rep. Jim McCrery (R-LA), who previously served as ranking member on the Ways and Means Committee, and Dena Battle, Rep. Camp’s former legislative director.\(^{114}\)

GE has lobbied heavily on behalf of a wide-ranging tax agenda, including a host of issues addressed by Rep. Camp’s tax reform draft.\(^{115}\) One of the most important issues for the company is taxation of international operations and the active financing exception (AFE), which has also been called the “GE Loophole.”\(^{116}\) The AFE allows the company to avoid immediate U.S. taxes on income generated offshore from some financial transactions, such as lending.\(^{117}\) GE has even

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\(^{109}\) David Kocieniewski, G.E.’s Strategies Let It Avoid Taxes Altogether, New York Times, March 24, 2011; Allan Sloan and Jeff Gerth, Setting the Record Straight on GE’s Taxes, Fortune/ProPublica, April 4, 2011.


\(^{111}\) Id.


noted in its annual report that the loophole is a significant reason the company paid such a low federal income tax rate. According to a report by Americans for Tax Fairness, GE employed 48 lobbyists to work on the AFE from 2011 to 2013, and is the company most actively lobbying on the issue. The company is also a major manufacturer of wind turbines and reported lobbying on a renewable energy tax credit.

Rep. Camp’s draft of comprehensive tax reform legislation would reduce the corporate tax rate for corporations earning more than $10 million in taxable income from 35 percent to 25 percent over the next five years. It would also exempt most foreign income from U.S. taxes and impose a one-time tax on accumulated overseas profits. The draft includes some provisions to make it harder to move profits offshore. The draft would extend the active financing exception for five years on certain types of income subject to a foreign effective tax rate of 12.5 percent or higher. It would phase out the renewable energy tax credit, and would reduce its value for projects receiving it through 2024.

Discussion Draft of the Chairman of the House Committee on Ways and Means to Reform the Internal Revenue Code, April 4, 2014.

118 Corporate Lobbying on Tax Extenders and the “GE Loophole”, Mar. 2014.
119 Id.
122 Committee on Ways and Means, Chairman Dave Camp, 113th Congress, Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary, February 26, 2014, at 49.
The National Multifamily Housing Council (NMHC), a trade association representing the nation’s apartment industry, was the tenth largest contributor to members of the House Ways and Means Committee from 2011 to 2013, contributing $510,000. The association’s contributions to Ways and Means members rose 116.6 percent over that period. 51 percent of the association’s contributions went to Democratic committee members and 49 percent went to Republican committee members.

127 https://www.nmhc.org/About/.
NMHC on tax reform: The NMHC has reported lobbying on several issues addressed in Rep. Camp’s tax reform draft, including taxation on “flow-through” entities and S corporations, taxation of carried interest, and the estate tax.\textsuperscript{128} NMHC’s website has a page dedicated to tax reform on which the group calls on Congress to “protect flow-through entities” such as limited liability companies, partnerships, and S corporations, corporate structures that dominate the apartment industry.\textsuperscript{129} NMHC also argues to preserve the current tax treatment of carried interest, the profits from investment funds paid to private equity managers, arguing a rate increase would be detrimental to real estate businesses and entrepreneurs.\textsuperscript{130} NMHC’s other priorities include keeping the deduction for business interest expenses, which the group said helps keep debt financing for large projects affordable, and maintaining current estate tax levels.\textsuperscript{131}

Rep. Camp’s draft would lower rates for the highest corporate and personal earners and includes provisions aimed at “reducing the tax burden on S corporations generally.”\textsuperscript{132} The draft also eliminates, however, a wide range of business tax breaks, such as deductions for advertising expenses.\textsuperscript{133} The impact on flow-through entities such as S corporations would be complicated and would vary depending on multiple factors, but some could wind up paying more.\textsuperscript{134} The draft does not make any significant changes to the estate tax or gift tax.\textsuperscript{135}

The draft would change the way carried interest is taxed.\textsuperscript{136} Current law treats it as capital gains, which is taxed at a lower rate than wages.\textsuperscript{137} A March 4, 2014 Washington Examiner story on the tax reform draft said the NMHC “blasted Rep. Camp’s proposal on carried interest” which would treat certain partnerships as ordinary income.\textsuperscript{138}

\textsuperscript{128} The National Multi Housing Council, Inc., First Quarter 2014 Lobbying Report, Secretary of the Senate, Office of Public Records.

\textsuperscript{129} https://www.nmhc.org/uploadedFiles/Articles/Issue_Fact_Sheet/Tax%20Reform%202014-01.pdf.

\textsuperscript{130} Id.

\textsuperscript{131} Id.

\textsuperscript{132} Committee on Ways and Means, Chairman Dave Camp, 113th Congress, Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary, February 26, 2014, at 1, 49 and 112.


\textsuperscript{137} Tax Reform Act of 2014, Discussion Draft Section-by-Section Summary, Feb. 26, 2014, at 120.

\textsuperscript{138} Carney, Washington Examiner, Mar. 4, 2014.
NMHC Lobbying Spending

- 2011: $2,268,000
- 2012: $1,443,000
- 2013: $1,893,000