Principles for Equitable Tax Reform

Hispanics are a young, hardworking and significant segment of the federal tax base who support a federal tax code that is fair and promotes a bright future for more Americans. The tax code has the potential to drive economic growth and enhance individual economic security, while maintaining sufficient revenue to support critical investments for future generations. The tax system should continue to encourage desirable societal goals such as broad-based homeownership, retirement savings, support for low and middle-income families, and responsible corporate behavior.

UnidosUS (formerly the National Council of La Raza) works to improve opportunities for the 57.5 million Hispanics in this country and has developed the following principles based on decades of advocating for a more inclusive tax code and the priorities of Latino voters. Hispanic families are overwhelmingly concentrated in the lowest income brackets and they rely on tax provisions, like refundable tax credits, to help make ends meet. Conversely, Hispanic families would see little tax relief and find their basic living standards jeopardized by tax proposals that provide large tax breaks for the rich and large corporations at the expense of working families. Given these trends, an over-arching goal of tax reform should be to maintain the progressivity of the tax code and improve provisions that support working- and middle-income American families.

UnidosUS will adhere to the principles below when examining tax reform proposals to ensure that they:

1. **Raise sufficient revenue to build a strong economy and invest in our future.** Much of the economy has recovered from the Great Recession, but many Latino families continue to struggle making ends meet. Therefore, it is essential that the federal government continues to invest in critical areas like education, infrastructure, health care, and family-supporting tax credits that help our children thrive. These investments will bolster our economy and support the prosperity of the Latino community and the nation well into the future.
2. **Are progressive and ensure that everyone, including the richest Americans and corporations, pays their fair share.** The tax code should aim to share responsibility for reducing the deficit, with revenue coming from those who have yet to pay their fair share, including the rich and large corporations. Latinos and other communities of color bore the brunt of spending cuts under sequestration. Our economy has benefitted in the past from revenue increases targeted at those who benefit the most from our economy—corporations and wealthy individuals—combined with federal investments to support communities, workers, and families. This combination has created jobs and boosted income and can likely do so again if targeted in an equitable manner.

3. **Support working families and children to reduce poverty.** The tax code has long been an instrument to provide critical means-tested support to working families and children. More can be done to stabilize tax rates for working families, to ease their tax burden and expand existing refundable tax credits to help more low-income taxpayers rise above poverty. Further, attempts to exclude immigrant families from these income supports will only destabilize American communities and harm Latino children, the majority of whom are U.S. citizens. Rather than disproportionately benefitting high-income individuals, tax legislation should improve the financial security of working- and middle-income taxpayers. And, tax legislation should not increase the deficit, which would threaten important programs, like Head Start, health care, workforce development, and housing assistance.

4. **Promote economic mobility and asset-building among working- and middle-class Americans.** The tax code supports asset-building through mechanisms such as deductions for retirement savings or mortgage interest, but does so in a way that disproportionately benefits those with higher incomes. Asset-building features in the tax code should be reformed to ensure that working- and middle-class Americans have the same opportunity to save for their future, buy a home, and access affordable education. Changes to the tax code should be inclusive, progressive, and equitable to increase benefits for low-income households and promote financial stability and wealth-building for more people.