Summary of the Ending Corporate Greed Act

Legislation would impose a Windfall Profits Tax on Large Corporations

The American people are sick and tired of the unacceptable corporate greed that is taking place in virtually every sector of our society. In America today, corporations continue to make massive profits by driving up prices on gasoline, groceries, cell phones, computers, and other products that consumers need.

In fact, last year, corporations made a record-breaking $2.8 trillion in after-tax profits and corporate profit margins reached their highest levels since the 1950s.

Incredibly, according to a recent study, corporate profits accounted for 53 percent of inflation during the second and third quarters of 2023–compared to just 11 percent in the 40 years prior to the COVID-19 pandemic. That is unacceptable and has got to change.

The time has come to establish a windfall profits tax on large, profitable corporations to prevent them from ripping off the American people.

That is why Senators Sanders and Markey and Representative Bowman will be re-introducing the **Ending Corporate Greed Act**.

Specifically, this legislation would establish a tax on the windfall profits corporations have made that are above and beyond what they made during the five years that preceded the pandemic. Because the tax is on profit and not revenue, companies that raise prices for legitimate reasons related to rising expenses would not be penalized. However, companies that have chosen to raise prices in the pursuit of obscene profits would pay a tax of up to 95 percent on their windfall profits above and beyond what they made before the pandemic.

Let's be clear. This is not a radical idea. During the first and second World Wars and the Korean War, the United States implemented a broad-based windfall profits tax, after which this legislation is modelled. During World War II, the tax rate reached as high as 95 percent, which ensured that companies could not profiteer off the war. In addition, the United States enacted a windfall profits on oil and gas companies as recently as the mid-1980s.

If this legislation were signed into law, it would:

- Maintain the existing 21 percent corporate tax on a company's profit equal to or less than pre-pandemic levels.
- Establish a 95 percent windfall profits tax on a company's profits that are in excess of their average profit level from 2015-2019, adjusted for inflation.
- Only apply to large companies with $500 million or more in revenue annually.
- Be limited to 75 percent of income in the current year.
- Only apply to the years 2024, 2025, and 2026.

Under this legislation, companies would be able to make a reasonable return on their investments, but they would not be able to make windfall profits by ripping off American consumers.

If this legislation had been signed into law in 2023, it would have raised an estimated $300 billion in one year from just ten of the largest corporate profiteers alone.

Examples of How the End Corporate Greed Act Would Work If Enacted Last Year

Oil

The windfall profits tax would raise **$54.9 billion** from three of the top oil companies alone.

- **Chevron**'s average profit between 2015-2019 was $7.6 billion, but its 2023 profit was $29.6 billion, a 289 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $19.1 billion in taxes and still would have maintained $10.5 billion in profits.
- **Exxon Mobil**'s average profit between 2015-2019 was $19.9 billion, but its 2023 profit was $52.8 billion, a 165 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $26.4 billion in taxes and still would have maintained $26.4 billion in profits.
- **Marathon Petroleum**'s average profit between 2015-2019 was $3.3 billion, but its 2023 profit was $14.0 billion, a 325 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $9.4 billion in taxes and still would have maintained $4.6 billion in profits.

Big Tech

The windfall profits tax would raise **$174 billion** from five of the top big tech pandemic profiteers alone.

- **Amazon**'s average profit between 2015-2019 was $6.9 billion, but its 2023 profit was $37.6 billion, a 444 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $27.6 billion in taxes and still would have maintained $10 billion in profits.
- **Apple**'s average profit between 2015-2019 was $67.3 billion, but its 2023 profit was $113.7 billion, a 69 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $27.6 billion in taxes and still would have maintained $86.2 billion in profits.
- **Google's** (Alphabet's) average profit between 2015-2019 was $29.1 billion, but its 2023 profit was $85.7 billion, a 195 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $46.8 billion in taxes and still would have maintained $38.9 billion in profits.
- **Microsoft**'s average profit between 2015-2019 was $30.8 billion, but its 2023 profit was $89.3 billion, a 190 percent increase. If the windfall profits tax had been in place in 2023,

it would have paid an additional $48.2 billion in taxes and still would have maintained $41.1 billion in profits.

- **Facebook's** (Meta's) average profit between 2015-2019 was $17.9 billion, but its 2023 profit was $47.4 billion, a 165 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $23.8 billion in taxes and still would have maintained $23.6 billion in profits.

<u>Health Care Industry</u>

The windfall profits tax would raise **$28.9 billion** from five of the largest private health care companies alone.

- **UnitedHealth Group**'s average profit between 2015-2019 was $14 billion, but its 2023 profit was $29.1 billion, a 108 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $11 billion in taxes and still would have maintained $18.1 billion in profits.
- **CVS Health**'s average profit between 2015-2019 was $7.2 billion, but its 2023 profit was $11.2 billion, a 56 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $2 billion in taxes and still would have maintained $9.2 billion in profits.
- **Anthem**'s average profit between 2015-2019 was $4.8 billion, but its 2023 profit was $7.7 billion, a 59 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $1.6 billion in taxes and still would have maintained $6.2 billion in profits.
- **Centene**'s average profit between 2015-2019 was $1.2 billion, but its 2023 profit was $3.6 billion, a 193 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $2 billion in taxes and still would have maintained $1.6 billion in profits.
- **Elevance Health**'s average profit between 2015-2019 was $4.8 billion, but its 2023 profit was $7.7 billion, a 59 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $1.6 billion in taxes and still would have maintained $6.2 billion in profits.

<u>Additional Companies</u>

- **JP Morgan Chase**'s average profit between 2015-2019 was $37.4 billion, but its 2023 profit was $61.6 billion, a 65 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $14 billion in taxes and still would have maintained $47.6 billion in profits.
- **AmerisourceBergen**'s average profit between 2015-2019 was $944 million and its 2023 profit was $2.2 billion, a 129 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $926 million in taxes and still would have maintained $1.2 billion in profits.
- **Lowe's** average profit between 2015-2019 was $4.8 billion, but its 2023 profit was $10.2 billion, a 111 percent increase. If the windfall profits tax had been in place in 2023, it

would have paid an additional $3.9 billion in taxes and still would have maintained $6.3 billion in profits.
- **Target**'s average profit between 2015-2019 was $4.1 billion, but its 2023 profit was $5.3 billion, a 30 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $156 million in taxes and still would have maintained $5.1 billion in profits.
- **Archer-Daniels-Midland**'s average profit between 2015-2019 was $1.9 billion, but it's 2023 profit was $4.3 billion, a 129 percent increase. If the windfall profits tax had been in place in 2023, it would have paid an additional $1.8 billion million in taxes and still would have maintained $2.5 billion in profits.

Support for a Windfall Profits Tax:

Numerous scholars and policy experts have voiced support for the windfall profits tax as a strong measure to fight inflation and, at the very least, ensure that corporate profiteering is limited. For example, tax scholar Reuven Avi-Yonah called for the revival of the tax in the American Prospect and economists Emmanuel Saez and Gabriel Zucman advocated for the tax in a New York Times op-ed. Similarly, Oxfam has consistently pushed for countries across the planet to enact a windfall profits tax in order to fight growing wealth and income inequality during the pandemic.

It is unconscionable that many of the largest corporations in America continue to use the pandemic or inflation itself as an excuse to make obscene profits by substantially raising prices on working families. While companies say that their cost of doing business is driving inflation, last year's input costs for producers only rose 1 percent, much lower than inflation overall. The windfall profits tax would eliminate the incentive for companies to use inflation as an opportunity to squeeze the public and further enrich their executives and shareholders.

Support for This Bill:

"When American families are being forced to pay more for almost all of their basic needs, it seems eminently reasonable to ask the companies responsible for their suffering to pay more in taxes. The Ending Corporate Greed Act disincentives corporations from pulling a fast one on consumers by using the cover of inflation to needlessly raise prices. Corporations are doing better than ever thanks to their successful price-gouging campaigns, and this bill can and will help to rein in the worst of their excesses." – **Morris Pearl**, Chair of the Patriotic Millionaires and former managing director at BlackRock, Inc

"A windfall corporate profits tax is badly needed to put the brakes on corporate profiteering that has run rampant since the pandemic. Recent inflation has provided giant corporations with the cover to drive up prices on essentials like groceries, all while raking in record profits. Families, workers, and consumers expect their government to stand up against the kind of corporate abuses we're seeing today and Sen. Sanders's bill does exactly that." – **Rakeen Mabud**, Chief Economist, Groundwork Collaborative.

“Reviving a WWII-style excess profits tax or broad-based windfall profits tax can decrease the incentives corporations have to hike prices and level the business playing field by decreasing the financial firepower super-profitable firms have to buy up competitors. This excess profits tax would also redistribute the oversized gains from rent-seeking and luck toward more productive aims—in the public’s interest." – **Niko Lusiani**, Director of the Corporate Power Program at the Roosevelt Institute.

“The Covid pandemic, and now war in Europe, have caused immense suffering—but also prosperity for a few giant corporations. In the past, the United States has successfully used excess profits taxes to remedy this unfairness. Senator Sanders’s bill reconnects with this distinguished tradition, for the benefit of us all.” – **Gabriel Zucman**, Professor of Economics at the University of California, Berkeley.

“We have more evidence than ever that Big Oil’s manipulation and greed causes energy price spikes that punish consumers. It’s high time that oil companies pay a stiff price for fueling the climate emergency and gaming global crises for their own profit. The Ending Corporate Greed Act will put the onus on selfish corporations to pay up while bringing relief to families struggling to keep up.” – **Kassie Siegel**, director of the Center for Biological Diversity’s Climate Law Institute.

"There is a long history of corporations exploiting crises for profit, enriching shareholders and CEOs while exacerbating problems for the public. This is particularly disturbing when it happens in the energy and food sectors. That is exactly what we are seeing now, where corporate profits are soaring, and families are struggling to keep up with rising food and fuel prices. We applaud the leadership of Senator Sanders efforts to put an end to this current episode of price gouging and return these excess profits to the public. It is time for Congress to pass a windfall profits tax to hold these bad actors accountable and support families who are facing real struggles due to rising prices." – **Jim Walsh**, Policy Director at Food & Water Watch.

“This legislation is fully justified in situations like today where corporations make a tremendous amount of profit due to circumstances that have nothing to do with their own actions, but rather luck and rents.” – **Reuven Avi-Yonah**, Irwin I. Cohn Professor of Law at University of Michigan.