Executive Summary

With the deadline looming for the Joint Select Committee on Deficit Reduction, or "supercommittee," major corporations have argued for the second tax holiday in a decade through the repatriation of offshore funds at a steeply discounted tax rate. But recent history has shown us that tax holidays fail to create jobs and fail to improve economic conditions for 99 percent of Americans. According to the Congressional Budget Office, the repatriation tax holiday ranks dead last among job creation policies and would at best create one full-time job for every one million in federal costs.[1] If tax holidays have only succeeded in enriching corporate executives and encouraging more tax dodging, thus exacerbating budget deficits, why should Congress be fooled twice?

What is chronicled on these pages is clear as day: Twenty major American corporations that have stashed half a trillion dollars of profits overseas have spent more than $1 billion on federal lobbying and campaign contributions and hope to get a new, enormous tax break that could cost the government $79 billion over the next decade.[2] Companies say they will use the cash to create jobs in America, but the 20 companies featured in this report are already sitting on $348 billion in cash while in many cases shipping jobs overseas. When Congress gave corporate America the very same tax break seven years ago, 92 percent of the repatriated money went to CEOs and shareholders, not job creation.[3] Given the benefits to those at the top, it is no wonder these corporations have spent the last seven years stockpiling profits in offshore tax havens at an even greater rate in anticipation of another tax holiday. Meanwhile, they have spent lavishly on politics in preparation for another time to cash in.

KEY FINDINGS

- Multiple studies have found that after the tax holiday provision passed in 2004, there was no significant investment in jobs at home. For every dollar repatriated, 92 cents flowed into the pockets of CEOs and shareholders through compensation packages and stock repurchases. Instead of investing in jobs in the United States, these 20 companies have directed nearly $578 million into compensation packages for their CEOs and $500 billion into offshore tax havens.
- If American companies received another tax holiday through repatriation, the effect would be to reduce tax revenue by $79 billion over ten years. Those are funds we could invest in crucial jobs. We could take half that amount to employ 284,213 public safety workers and 290,684 teachers, which would merely fill the

[1] Chuck Marr, "CBO Ranks "Repatriation Holiday" Dead Last in Job Creation," Center on Budget and Policy Priorities, November 16, 2011. http://www.offthechartsblog.org/cbo-ranks-repatriation-holiday-dead-last-in-job-creation.
[2] According to the Joint Committee on Taxation. Chuck Marr, Brian Highsmith, and Chye-Ching Huang, "Repatriation Tax Holiday Would Increase Deficits and Push Investment Overseas," Center on Budget and Policy Priorities, October 12, 2011. http://www.cbpp.org/cms/index.cfm?fa=view&id=3593.
[3] Scott Klinger, Sarah Anderson, Chuck Collins, John Cavanagh, Sam Pizzigati, "America Loses: Corporations that Take "Tax Holidays" Slash Jobs," Institute for Policy Studies, October 3, 2011.

hole left by the 290,000 teachers laid off since September 2008.[4] We could use the other half to begin to address the massive shortage of nurses and home health aides and begin to rebuild our crumbling infrastructure; we could employ 1 million health workers and 221,779 highway maintenance workers.[5] That's nearly 2 million jobs.

- The 20 companies analyzed have spent $1 billion on federal lobbying and campaign contributions since 2005. The bulk of this spending ($901 million) has gone toward lobbying—that's $365,638 each day including weekends.[6] But since lobbying for a tax holiday has shown to bring a 22,000 percent return[7] on investment, this could be money well spent. Top spenders on lobbying include General Electric ($164 million) and Verizon ($104 million).
- Through their PACs and executives, these companies have made $110 million in federal campaign contributions since 2005. Top contributors at the corporate level include General Electric and Honeywell (giving $13 million each). At the individual level, top donors tended to be senior executives and CEOs, including Microsoft CEO Steven Ballmer ($157,300) and Merck CEO Richard Clark ($100,800).
- These 20 companies have directed $6.4 million in campaign contributions to members of the supercommittee since 1989. Top recipients include Senator Max Baucus, Representative Jim Clyburn and Representative Dave Camp. At least 35 former staff members to these supercommittee members have lobbied for the companies featured in this report, and some have lobbied for the WIN America Campaign, a coalition of corporations and trade associations pushing for another repatriation tax holiday.

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[4] Tami Luhby, "Can Obama save teacher jobs?" CNN Money, September 8, 2011. http://money.cnn.com/2011/09/08/news/economy/Obama_teacher_jobs/index.htm.

[5] Job estimates are based on Median Annual Earnings for each occupation (plus 30% for benefits) as provided by the Bureau of Labor Statistics' National Compensation Survey published in May 2011 for earnings in 2010.

[6] The $901 million total in lobbying expenditures spans 2005 through the first nine months of 2011.

[7] Dan Eggen, "Investments Can Yield More on K Street, Study Indicates," Washington Post, April 12, 2009. http://www.washingtonpost.com/wp-dyn/content/article/2009/04/11/AR2009041102035.html.

Background

In 2004, provisions included in the America Jobs Creation Act (AJCA) created a one-time opportunity for companies to repatriate offshore funds at the effective tax rate of 5.25 percent. The companies that participated in this "tax holiday" (843 companies total) repatriated $312 billion, and most participating companies repatriated funds in 2005.

The participating companies represented only 11.5 percent of the roughly 9,700 U.S. multinational corporations with controlled foreign subsidiaries in 2004 and 0.015 percent of the 5.6 million businesses that filed tax returns in 2004, most of which had no international operations.[8] Two industries in particular took advantage of the 2004 tax holiday; the pharmaceutical and technology industries returned about half ($157 billion) of all repatriated funds.

The set of 20 corporations featured in this report represent a cross-section of companies that participated in the 2004 tax holiday. Altogether, the $132 billion in offshore funds these 20 companies repatriated represents a sizable share of all funds returned. This set of 20 includes some of the largest repatriating companies and members of the WIN America corporate coalition.[9]

Table 1. Twenty Corporations Featured in Report and Repatriated Funds from 2004 Tax Holiday

Company	Repatriated Funds (Millions)
Pfizer	$35,492
Merck	$15,876
Hewlett Packard	$14,500
Johnson & Johnson	$10,669
Bristol-Myers Squibb	$9,000
Eli Lilly	$8,000
DuPont	$7,730
PepsiCo	$7,384
Coca Cola	$6,100
Oracle	$3,100
Dow Chemical	$2,471
Verizon	$2,200
Honeywell	$2,119
International Paper	$2,100
General Electric	$1,200
Cisco Systems	$1,200
Bank of America	$899
Microsoft	$780
Duke Energy	$580
Caterpillar	$500
Total	**$131,900**

Sources: Senate Permanent Subcommittee on Investigations, 2011. Institute for Policy Studies, 2011.

[8] United States Senate Permanent Subcommittee on Investigations, "Repatriating Offshore Funds: 2004 Windfall for Select Multinational Companies," October 11, 2011. (Henceforth: "Senate Permanent Subcommittee on Investigations, 2011.")
[9] For further information on the selection process, see the Methodology and Sources section.

The False Promise of Tax Holidays

Proponents of repatriation of offshore funds claim the practice creates jobs and grows the economy. But these claims ring hollow considering what the exact same policy accomplished after 2004. The 2004 tax holiday teaches us that repatriation actually does little good for most Americans. Tax holidays do not create jobs—in fact, some firms that took tax holidays laid off workers and moved jobs overseas. Instead of creating jobs, participating companies used the billions they brought back to the United States and the billions saved in federal taxes to boost executive compensation, repurchase corporate stock, and to actually recycle the money right back into offshore tax havens. A recent study found that for every dollar repatriated, 92 cents went to enrich CEOs and shareholders.[10]

Now a number of companies are pushing for another tax holiday and they are ready to reap the benefits. They have stashed even more money in offshore tax havens in anticipation. Meanwhile U.S. corporations are sitting on over $2 trillion[11] of cash on hand, much more than they had in 2004.[12] Large U.S. corporations have not used that cash to create significant jobs here at home, just like they failed to use repatriated funds after the 2004 provision to create jobs. A recent Goldman Sachs analysis casts the same doubt on the value of another tax holiday, concluding "we would not expect a significant change in corporate hiring or investment plans."[13] According to the Congressional Budget Office, the repatriation tax holiday ranks dead last among job creation policies and would at best create one full-time job for every $1 million in federal costs.[14]

The repatriation issue is not about creating jobs. It is about corporations enriching their management and shareholders by influencing policy to avoid paying taxes owed to the United States government.

NOT ABOUT CREATING JOBS

In a recent study of the effectiveness of the 2004 tax holiday, the Senate Permanent Subcommittee on Investigations found "no evidence that the repatriation provision increased U.S. jobs."[15] Findings from their study concur with other studies, including a 2011 analysis of 840 repatriating companies by the Congressional Research Service,

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[10] Institute for Policy Studies, 2011.
[11] According to the Federal Reserve Board. Senate Permanent Subcommittee on Investigations, 2011.
[12] Senate Permanent Subcommittee on Investigations, 2011.
[13] Chuck Marr, Brian Highsmith, and Chye-Ching Huang, "Repatriation Tax Holiday Would Increase Deficits and Push Investment Overseas," Center on Budget and Policy Priorities, October 12, 2011. http://www.cbpp.org/cms/index.cfm.
[14] Chuck Marr, "CBO Ranks "Repatriation Holiday" Dead Last in Job Creation," Center on Budget and Policy Priorities, November 16, 2011. http://www.offthechartsblog.org/cbo-ranks-repatriation-holiday-dead-last-in-job-creation/.
[15] Senate Permanent Subcommittee on Investigations, 2011.

which reported that while the repatriation provision resulted in an increase in repatriated funds, the "empirical evidence is unable to show a "corresponding increase in domestic investment or employment by firms that utilized the repatriation provisions."[16]

Among the companies surveyed by the Senate subcommittee, which includes the 15 companies that repatriated the most funds,[17] the number of U.S. jobs decreased overall. Among these 15 top repatriating companies, ten recorded job losses from 2004 to 2007 and five recorded job gains. Overall, these 15 companies cut 20,931 U.S. jobs between 2004 and 2007. The five top repatriating companies (in order, Pfizer, Merck, Hewlett-Packard, Johnson & Johnson, and IBM) all reduced jobs. Pfizer, the top repatriating company, brought back $35 billion in funds, but cut 11,748 jobs between 2004 and 2007.

While gains and losses in U.S. employment by company are mixed, among the 20 companies examined in this report, some have dramatically cut U.S. jobs over time despite benefitting from the tax holiday and some have even added jobs abroad while cutting jobs at home. According to a recent report by the Institute for Policy Studies, General Electric cut a total of 32,000 jobs in the U.S. between 2004 and 2010. Meanwhile, GE created 12,000 jobs abroad. Honeywell cut 7,000 U.S. jobs in that time while creating 28,000 jobs overseas. Oracle recorded an even worse distribution, laying off 6,544 American workers while hiring 35,672 foreign workers.

Table 2. Change in Employment Between 2004 and 2010[18]

Company	Change in U.S. Employment	Change in Global Employment	Change in Foreign Employment
General Electric	-32,000	-20,000	12,000
Duke Energy	-19,600	-36,000	-16,400
International Paper	-15,880	-34,800	-18,920
Honeywell	-7,000	21,000	28,000
Oracle	-6,544	29,128	35,672
Eli Lilly	-6,350	-6,150	200
Merck	500	500	0
Cisco Systems	26,300	25,760	-540

Greater transparency in employment data from companies is needed. Only eight out of 20 companies were included in this analysis due to some companies keeping the breakdown of employment at home compared to overseas closely guarded.[19]

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[16] Ibid.

[17] The repatriated funds from these 15 top repatriating companies accounted for more than half of all repatriated funds. Senate Permanent Subcommittee on Investigations, 2011.

[18] Institute for Policy Studies, 2011.

The companies examined in this report are profitable and have plenty of cash on hand ($348 billion total). Johnson & Johnson made nearly $50 billion in pre-tax global profits for the three-year period from 2008 to 2010 and has one of the strongest cash positions, with almost $15 billion on hand. Between 2004 and 2010, Johnson & Johnson announced a total of 9,900 in layoffs.[20] Merck announced in July that it would eliminate 13,000 jobs, about 14 percent of its workforce,[21] despite having over $12 billion in cash and making close to $27 billion in profits from 2008 to 2010. If these companies are not creating jobs now and they didn't create jobs after the last tax holiday, why should we believe they would create jobs with another tax holiday?

Table 3. Profits and Cash

Company	Total Pre-Tax Global Profits 2008-2010 (millions)[22]	Current Cash Position (millions)[23]
Bank of America	$7,465	$119,527
Bristol-Myers Squibb	$16,449	$4,471
Caterpillar	$8,820	$10,715
Cisco Systems	$27,363	$7,662
Coca Cola	$30,695	$12,682
Dow Chemical	$3,651	$2,206
Duke Energy	$5,932	$1,362
DuPont	$8,286	$2,750
Eli Lilly	$10,575	$6,598
General Electric	$43,973	$91,053
Hewlett-Packard	$30,862	$12,953
Honeywell	$5,492	$3,885
International Paper	$868	$2,399
Johnson & Johnson	$49,631	$14,974
Merck	$26,874	$12,342
Microsoft	$72,905	$12,881
Oracle	$27,488	$13,162
PepsiCo	$23,356	$3,083
Pfizer	$29,943	$3,096
Verizon	$27,847	$10,324
Total	**$458,475**	**$348,125**

[19] Jia Lynn Yang, "Corporations Pushing for Job Creation Tax Breaks Shield U.S. vs. Abroad Hiring Data," The Washington Post, August 21, 2011. http://www.washingtonpost.com/business/economy/ corporations-pushing-for-job-creation-tax-breaks-shield-us-vs- abroad-hiring-data/2011/08/12/gIQAZwhqUJ_story.html.
[20] Institute for Policy Studies, 2011.
[21] Jonathan D. Rockoff and Peter Loftus, "Merck to Cut 13,000 More Jobs as Patents Expire," Wall Street Journal, July 30, 2011. http://online.wsj.com/article/SB10001424053111904800304576475752260745450.html.
[22] Pre-tax global profits from 2008 through 2010 where taken from each company's SEC annual report Form 10-K.
[23] Cash positions are based on each company's most recently filed 10-Q quarterly report, as of November 1, 2011.

On whether the tax holiday increased investment in research and development, another intended goal of the repatriation provision, the Senate subcommittee found research and development (R&D) investments did not increase after the tax holiday. In fact, while R&D expenditures increased between 2004 and 2007, they increased at slightly slower rates than before the tax holiday.

Another indication of the extent to which these companies are investing here compared to overseas comes from the data they are required to report in their financial statements on the geographic location of assets. Companies must provide a domestic versus foreign breakdown of the dollar value of their "long-lived assets," which mainly consist of property, plant and equipment. From 2004 to 2010 the companies as a group increased their foreign assets by 135 percent, while their U.S. assets increased in value by only 78 percent. In other words, these 20 companies are expanding their offshore assets almost twice as fast as their domestic ones. As a result, some purportedly U.S. companies now have a majority of their physical assets overseas. For General Electric the figure is 73 percent, and for Dow Chemical it is 53 percent. Johnson & Johnson and Caterpillar are just below 50 percent foreign. (See the Appendix for a detailed table.)

The reported figures do not allow us to calculate what portion of overseas assets are held in tax haven countries, but the more rapid growth in foreign assets is consistent with the rise in international tax dodging.

CORPORATE CEOS GET RICHER

If companies participating in the 2004 tax holiday did not use the billions they repatriated and saved in taxes to create jobs or ramp up research and development, how did they use those funds? One place to look is executive compensation. Though companies were expressly prohibited from doing so under the repatriation provisions, the Senate subcommittee found that the companies they surveyed, with one exception,[24] increased executive compensation between 2004 and 2007. Data provided by companies from 2002 to 2007 show compensation for the top five executives at the 15 top repatriating companies grew the most *after* offshore funds were repatriated. After repatriation, executive pay jumped 27 percent from 2004 to 2005 and another 30 percent from 2005 to 2006.[25]

Some executives did particularly well. The top five executives at Oracle saw their combined compensation packages increase by $48 million between 2004 and 2007—that's $9.5 million for each executive, if split evenly. At Johnson & Johnson, the top five executives received $33 million more in 2007 than in 2004, about $6.6 million each.

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[24] Motorola's top five executives saw a combined decrease in compensation of $34 million between 2004 and 2007. Levin report.

[25] Senate Permanent Subcommittee on Investigations, 2011.

More recently, these 20 companies invested nearly $578 million total in their CEOs. The 2010 compensation packages for these 20 CEOs are particularly bloated, even among top executives of big corporations. The median compensation package for this group ($27 million) is well above the median pay the *New York Times* found[26] for CEOs of 200 big companies ($11 million).[27] Lawrence Ellison, Oracle's CEO, tops the list with $78 million. Even the CEO with the smallest compensation package in this group, Steven Ballmer of Microsoft, received $1.4 million in compensation last year, 24 times the $56,548 median income for a family of four in Washington State.[28]

Table 4. Total CEO Compensation for 20 Corporations, 2010[29]

Company	CEO Name	Total Compensation
Oracle	Lawrence J. Ellison	$77,556,015
Caterpillar	J.W. Owens (retired as CEO effective July 1, 2010)	$67,762,080
Verizon	Ivan G. Seidenberg (gave up CEO post in July 2011)	$48,166,006
Hewlett-Packard	Mark V. Hurd (resigned August 6, 2010)	$43,029,822
Johnson & Johnson	William C. Weldon	$32,932,284
Pfizer	J. Kindler (retired December 5, 2010)	$32,908,421
PepsiCo	Indra K. Nooyi	$31,277,542
Merck	Richard T. Clark (resigned as CEO in December 2010)	$28,628,993
Coca-Cola	Muhtar Kent	$28,224,967
General Electric	Jeffrey Immelt	$27,273,889
Honeywell	David M. Cote	$25,955,047
Dow Chemical	Andrew Liveris	$24,756,345
International Paper	John V. Faraci	$24,276,372
Eli Lilly	John C. Lechleiter	$20,413,188
DuPont	Ellen J. Kullman	$16,435,774
Cisco Systems	John T. Chambers	$15,864,684
Duke Energy	James E. Rogers	$14,292,530
Bristol-Myers Squibb	Lamberto Andreotti	$13,471,882
Bank of America	Brian T. Moynihan	$2,979,356
Microsoft	Steven A. Ballmer	$1,376,915
Total		**$577,582,112**

Another way participating companies spent the extra cash from the tax holiday was stock repurchases, a practice that was also explicitly prohibited in the 2004 repatriation

[26] The New York Times based its figure on calculations prepared by a company called Equilar, which has its own way of estimating amounts relating to stock awards. Its methods tend to result in lower amounts than those we obtained from each company's proxy statement submitted to the SEC.
[27] Pradnya Joshi, "We Knew They Got Raises. But This?" New York Times, July 2, 2011. http://www.nytimes.com/2011/07/03/business/03pay.html?pagewanted=all.
[28] http://factfinder.census.gov/servlet/GRTTable?_bm=y&-_box_head_nbr=R1901&-ds_name=ACS_2007_1YR_G00_&-_lang=en&-format=US-30&-CONTEXT=grt.
[29] Total compensation is the sum of total annual compensation and the value realized from the exercise of stock options and other stock awards during the year, based on each company's most recent proxy statement (Form DEF 14A) filed with the SEC.

provision. Through stock repurchase programs corporations can reacquire their own stock, a mechanism that can be used to share corporate profits with shareholders, raise the company's stock price, and bump up executive compensations through the higher value of stocks and stock options.

The Senate subcommittee found that 12 of the 15 top repatriating companies increased their stock repurchases between 2004 and 2007, with the steepest increase occurring between 2005 and 2006. This finding is consistent with other studies including a 2009 study that found repatriating companies increased stock repurchases during 2005 by $61 billion more than non-repatriating firms. [30] While stock repurchases can augment shareholder and executive wealth, they reduce cash holdings available for hiring new workers.

GOAL: PAY LITTLE, IF ANY, CORPORATE TAXES

In addition to concentrating wealth in fewer hands, tax holidays are an effective way to avoid paying billions in taxes. Across all participating companies, by repatriating $312 billion at the 5.25 percent rate (instead of the regular corporate rate of 35 percent), companies dodged as much as $93 billion in taxes with the 2004 tax holiday.[31] Studies have found that most of the offshore funds repatriated through the 2004 provision were stashed in tax havens with no apparent business operations, such as no physical office and few or no full time employees. The 2010 Congressional Research Service study found that across the participating companies, repatriated funds were heavily concentrated in low tax countries or tax havens.[32]

Similarly, the Senate subcommittee study found that 12 out of the 19 companies surveyed brought back at least 70 percent of their offshore funds from tax havens. Coca-Cola repatriated nearly all of its $6.1 billion from a Cayman Island subsidiary where there were no employees. PepsiCo repatriated most of its funds from a holding and finance company located in Bermuda with a single full time employee.[33]

Some U.S. parent corporations may have sent domestic funds to offshore subsidiaries in advance of the 2004 repatriation. And some funds that were repatriated were put right back into offshore tax havens after being repatriated! This practice, called "round-tripping," was observed in a recent study using Bureau of Economic Analysis data, which revealed a "significantly different" pattern in 2005 compared to other years. This study found the companies that repatriated $259 billion in 2005 also sent $104 billion to their offshore funds during the same period.

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[30] Senate Permanent Subcommittee on Investigations, 2011.
[31] A simple estimate comparing what companies would have paid at the regular corporate rate of 35 percent with the effective repatriation rate of 5.25 percent.
[32] Senate Permanent Subcommittee on Investigations, 2011.
[33] Ibid.

Since the 2004 tax holiday, companies have started stockpiling offshore funds in tax havens again, and at a greater rate than before 2004, in anticipation of another huge tax break. The Senate subcommittee's findings, which are consistent with other studies, showed increasing amounts of offshore funds every year from the year funds were repatriated through 2010 for nine of the top ten repatriating companies. For example, from 2006 to 2010 Merck reported $40 billion in accumulated undistributed foreign earnings. In the four years prior to repatriation (2000 to 2004), Merck reported half the amount, $20 billion in stockpiled offshore funds.

Altogether, the 20 corporations examined in this report have nearly $500 billion stashed in offshore funds that could be repatriated. If repatriated at the tax holiday rate of 5.25 percent instead of the regular corporate rate of 35 percent, the amount of federal income taxes these 20 corporations would successfully dodge could be as much as $148 billion. The Joint Committee on Taxation estimates another tax holiday would mean a $79 billion loss in tax revenue, and thus $79 billion deficit increase, over ten years.[34]

Table 5. Offshore Funds for 20 Corporations in 2010 and Potential Taxes Dodged by Holiday[35]

Company	Offshore Funds (millions)	Potential Taxes Dodged by Holiday (millions)
General Electric	$94,000	$27,965
Pfizer	$48,200	$14,340
Microsoft	$44,800	$13,328
Cisco Systems	$44,800	$13,328
Merck	$40,400	$12,019
Johnson & Johnson	$37,000	$11,008
PepsiCo	$26,600	$7,914
Hewlett-Packard	$21,900	$6,515
Coca Cola	$20,800	$6,188
Eli Lilly	$19,900	$5,920
Bank of America	$17,900	$5,325
Bristol-Myers Squibb	$16,400	$4,879
Oracle	$16,100	$4,790
DuPont	$12,631	$3,758
Caterpillar	$11,000	$3,273
Dow Chemical	$9,798	$2,915
Honeywell	$6,000	$1,785
International Paper	$4,300	$1,279
Duke Energy	$2,398	$713
Verizon	$1,200	$357
Total	**$496,127**	**$147,598**

[34] The Joint Committee on Taxation takes into account additional factors such as the amount of offshore funds that would be repatriated even without a tax holiday.
[35] Senate Permanent Subcommittee on Investigations, 2011. Institute for Policy Studies, 2011.

Through these strategies and others, many of the largest corporations in the U.S. effectively pay little to no taxes at all. In a recent analysis by Citizens for Tax Justice, nine of the companies in our cohort of 20 paid no federal corporate income taxes in at least one year between 2008 and 2010. General Electric paid no federal income taxes for all three of those years despite posting total profits of over $10 billion—in fact, it had a negative tax rate for those three years (-45 percent, or a rebate of $4.7 billion). Honeywell, Duke Energy, and Verizon Communications paid no federal income taxes and received rebates for two of those years. International Paper, Eli Lilly, DuPont, Hewlett-Packard and Merck paid no taxes for one year in that period with International Paper having a -115 percent tax rate (or $249 million rebate) and Eli Lilly having a -103 percent rate ($208 million rebate).[36]

The consequence of all this tax dodging for the American public is less revenue to invest in crucial jobs. We could take half the $79 billion in lost revenue to employ 284,213 public safety workers and 290,684 teachers, which would merely fill the hole left by the 290,000 teachers laid off since September 2008.[37] We could use the other half to begin to address the massive shortage of nurses and home health aides and begin to rebuild our crumbling infrastructure; we could employ 1 million health workers and 221,779 highway maintenance workers.[38] That's nearly 2 million jobs.

It also means policymakers look to making painful cuts to programs vital to the well-being of millions of Americans and to a vibrant economy, from affordable health care to neighborhood revitalization to heating assistance in the winter. They should be looking instead at entities not paying their fair share of taxes.

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With all this evidence on how repatriation tax holidays are a failed policy, it makes little sense that Congress is considering the idea again, except when you look at all the money companies have been spending to influence elections and policymaking.

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[36] Robert S. McIntyre, Matthew Gardner, Rebecca J. Wilkins, Richard Phillips,"Corporate Taxpayers & Corporate Tax Dodgers 2008-10," Joint Project of Citizens for Tax Justice & the Institute on Taxation and Economic Policy, November 2011.

[37] Tami Luhby, "Can Obama save teacher jobs?" CNN Money, September 8, 2011. http://money.cnn.com/2011/09/08/news/economy/Obama_teacher_jobs/index.htm.

[38] Job estimates are based on Median Annual Earnings for each occupation (plus 30% for benefits) as provided by the Bureau of Labor Statistics' National Compensation Survey published in May 2011 for earnings in 2010.

Spotlight: General Electric (GE)

A recent report by the Institute for Policy Studies awards General Electric the Gold Medal for tax dodging, noting that in the last year alone the firm reaped more than $3.3 billion in tax rebates despite more than $5 billion in US profits.

General Electric is also a gold champion lobbyist. In the group of 20 corporations examined, GE stands out in its spending to influence policymaking. GE's federal lobbying expenses since 2005 ($164 million) are 58 percent greater than the next biggest spender on lobbying (Johnson & Johnson). GE has already spent the most in 2011, with $21 million.

General Electric was profiled in a recent New York Times article, which found "an aggressive strategy that mixes fierce lobbying for tax breaks and innovative accounting that enables it to concentrate its profits overseas" and led to its "extraordinary success" in lowering corporate tax bills. And here's what success looks like. GE not only paid zero federal corporate income taxes the past three years, from 2008 to 2010—it actually received a total rebate of $4.7 billion. All this despite posting healthy profits. GE's pre-tax global profits between 2008 and 2010 totaled $44 billion and the company currently has a $91 billion cash position.

GE took full advantage of the tax holiday in 2004, bringing home $1.2 billion. GE is now holding $94 billion in offshore funds, by far the largest amount of any of the firms reviewed in this report and almost double the funds held by the next largest company (Pfizer at $48 billion). So what about jobs? From 2004 to 2010 GE reduced its U.S. workforce by 32,000 workers. Meanwhile, it created 12,000 jobs overseas. A recent Wall Street Journal article titled "Big US Firms Shift Hiring Aboard" profiled GE and other multinational corporations. The newspaper cited Commerce Department data showing "companies cut their work forces in the U.S. by 2.9 million during the 2000's while increasing employment overseas by 2.4 million."

While GE was cutting U.S. employment, it certainly was not cutting salaries at the top. GE's CEO, Jeffrey Immelt, who is outspoken on moving jobs overseas, was well compensated last year with $27 million. In a controversial move, President Obama appointed Jeffery Immelt to chair his Council on Jobs and Competitiveness.

Sources: Sarah Anderson, Chuck Collins, Scott Klinger, Sam Pizzigati, "Executive Excess 2011: The Massive CEO Reward for Tax Dodging" Institute for Policy Studies, August 31, 2011. David Kocieniewski, "G.E.'s Strategies Let It Avoid Taxes Altogether," New York Times, March 24, 2011 (http://www.nytimes.com/2011/03/25/business/economy/25tax.html?pagewanted=all). David Wessel, "Big U.S. Firms Shift Hiring Abroad," Wall Street Journal, April 19, 2011 (http://online.wsj.com/article/SB10001424052748704821704576270783611823972.html)

Spotlight: Pfizer

Pfizer, the maker of the cholesterol medication Lipitor, the world's top-selling prescription drug, has been one of the most aggressive members of the WIN America coalition pushing for another tax holiday. This is not surprising given how Pfizer was able to take advantage of repatriation in 2004 and how well poised the company is for another tax holiday.

Pharmaceutical companies were disproportionately large repatriators. While representing only were 3 percent of the 843 participating companies, they repatriated one-third of the funds. Pfizer was in fact the largest repatriating company, bringing back $36 billion. Among the 20 corporations we examined, Pfizer also was the lead job cutter reducing its worldwide workforce by 51,826 workers. These layoffs came despite making $30 billion in profits from 2008 through 2010 and currently having $3 billion cash on hand.

While repatriated funds were not directed as promised to job creation, they did find their way to executive compensation. Pfizer's top five executives saw a pay increase of $2.6 million between 2007 and 2004. Pfizer's CEO, J. Kindler, who recently retired at the end of 2010, was given a $33 million compensation package in 2010. Pfizer also heavily participated in stock repurchasing after the 2004 tax holiday, increasing its stock repurchasing by 50 percent between 2004 and 2007.

Pfizer has $48 billion currently stashed in offshore funds and is lobbying hard to bring it home with a new tax holiday. Among the 20 corporations examined, Pfizer is the third largest spender on lobbying, with $94 million since 2005. Pfizer is the sixth largest spender on federal campaign contributions since 2005 at $9.3 million. If Pfizer is successful in winning a new tax holiday the company could shave as much as $14 billion off its taxes and leave U.S. taxpayers to pick up the tab. With those funds, we could hire back 206,054 teachers.

Source: Institute for Policy Studies, 2011.

Spotlight: Bank of America

This year Bank of America received a $666 million income tax refund for 2010. Impressive? It was actually a bad year compared with the year before, when Bank of America received a $3.5 billion refund. That's according to a report issued by National People's Action and the Public Accountability Initiative entitled, "Big Bank Tax Drain: How Wall Street Speculation and Tax Avoidance are Starving Public Revenues."

To put these numbers in perspective, this year's refund of $666 million is more than two times the Obama administration's proposed cuts to the Community Development Block Grant program, a source of funds for building affordable housing and supporting small businesses, among a number of uses. The numbers are all the more shocking given that the Bank of America posted profits for 2008 through 2010 totaling over $7 billion and they are sitting on cash reserves of $120 billion.

How did Bank of America do it? One answer is their use of offshore tax havens. Bank of America operates 371 tax-sheltered subsidiaries, including 204 in the Cayman Islands alone.

Bank of America made use of the tax holiday in 2004, bringing $899 million dollars back. Since then the company has dramatically increased its offshore funds and is now holding $18 billion overseas. Bank of America also encourages its wealthy clients to follow its lead. Its wealth management arm advises clients to register their yachts in foreign jurisdictions for tax reasons.

What are the public policy repercussions of allowing the largest banks to use mechanisms like offshore tax havens to avoid paying their fair share? Six banks (Bank of America, Wells Fargo, Citigroup, JPMorgan Chase, Goldman Sachs and Morgan Stanley) together paid federal income taxes at an approximate rate of 11 percent of their pre-tax U.S. earnings in 2009 and 2010. Had they paid at 35 percent, the federal government would have received an additional $13 billion in tax revenue – enough money to cover more than two years of salaries for 132,000 teacher jobs lost since the economic crisis began in 2008.

Since 2005, Bank of America has spent $22 million lobbying Congress. Its PAC and employees have donated $11 million to federal campaigns. During this same period Bank of America announced 65,000 lay-offs. Bank of America's PAC and employees have also given $461,699 to members of the supercommittee since 1989.

Sources: Matthew Skomarovsky and Kevin Connor, "Big Bank Tax Drain," Public Accountability Initiative for National People's Action, March 2011. Institute for Policy Studies, 2011.

Spotlight: International Paper

Tennessee-based International Paper received a $249 million tax refund this year. Why? It convinced Congress to grant it and other paper companies a massive tax loophole for production of a wood pulp byproduct known as “black liquor” when, in fact, the tax incentive was designed to encourage companies to develop new biofuels.

According to a report issued by the Institute for Policy Studies, International Paper’s ability to twist the meaning of the alternative fuel incentive netted the company $1.7 billion in cash and cut the company’s tax bill by $379 million. This windfall added up to nearly 9 percent of the firm’s annual global revenue.

Based on the company’s strong cash flow, International Paper awarded CEO John Faraci a 75 percent pay hike in 2010, totaling $12.3 million.

Since 2005, International Paper has spent $20 million lobbying Congress and its PAC and employees have donated $2.8 million to federal campaigns, overwhelmingly to Republican candidates.

Again we see quite a strong return on investment. Invest $23 million in lobbying and corporate donations, receive a $249 million corporate tax refund and a $12.3 million paycheck for the CEO.

And what about the 99 percent of workers? They didn’t fare as well. From 2004 to 2010 International Paper laid off over 34,000 workers globally and close to 16,000 workers in the US.

Sources: Robert S. McIntyre, Matthew Gardner, Rebecca J. Wilkins, Richard Phillips, “Corporate Taxpayers & Corporate Tax Dodgers 2008-10,” Joint Project of Citizens for Tax Justice & the Institute on Taxation and Economic Policy, November 2011. Sarah Anderson, Chuck Collins, Scott Klinger, Sam Pizzigati, “The Massive CEO Rewards for Tax Dodging,” Institute for Policy Studies, August 31, 2011.

Note: The CEO pay listed for Faraci above is not based on the same methodology used in the CEO compensation portion of the report.

Buying Congress Pays High Returns

Companies seeking to influence policymaking for their own benefits know there's a big payoff to money spent on political campaigns and lobbying. A 2009 study by the University of Kansas found companies that lobbied on the 2004 repatriation issue received a 22,000 percent return on their investment ($220 for every dollar spent on the issue).[39] The 20 large corporations examined in this report stand to reap similar enormous returns on the investments they have made since 2005 to push for another tax holiday.

TOTAL SPENT

The 20 large corporations analyzed in this report don't simply leave a big footprint in our economy. They are each major influential players in Washington and in the financing of political campaigns. Our analysis of campaign finance and lobbying data found that the 20 corporations, their executives, and their political action committees (PACs) collectively spent more than $1 billion since 2005 on federal lobbying and campaign contributions.

This $1 billion dollar amount—$1,010,746,467 to be exact—is surely a gross underestimation of their political spending. Without exception these corporations belong to trade associations such as the U.S. Chamber of Commerce, where their dues pay for the Chamber's program to promote, among other ideas, the tax repatriation legislation. They support charities set up by members of Congress. Also, after the Supreme Court's decision in *Citizens United*, granting corporations unlimited rights to spend money to influence elections, they can contribute with anonymity to nonprofits that influence both elections and policymaking.

Based on this total expense, if the 20 companies received a tax holiday on the full $500 billion stashed offshore and thus dodged the estimated $148 billion in taxes, their return on investment would be about 14,600 percent.[40]

LOBBYING EXPENSES

Overview

Even though there is much we don't know, what we do know and can expose is telling:

[39] Dan Eggen, "Investments Can Yield More on K Street, Study Indicates," Washington Post, April 12, 2009. http://www.washingtonpost.com/wp-dyn/content/article/2009/04/11/AR2009041102035.html.

[40] While there are more complicated ways to estimate taxes avoided and the $148 billion is an estimate on the higher end, the inclusion of all lobbying and campaign spending makes this return on investment figure a conservative estimate. Also, while we recognize companies lobby on a number of issues, lobbying expenses are difficult to parse given the relationships developed and the way lobbying on issues is reported.

- The 20 companies spent $901 million lobbying Congress since the last tax repatriation battle in 2004.

- Of that $901 million, the top five companies (General Electric, Verizon, Pfizer, Microsoft, and Merck) spent more than half: 52 percent, or $465 million.

- Together, the 20 companies spent about $365,638 per day lobbying in Washington since 2005, including weekends.

Since the beginning of this year, the 20 corporations have already spent $117 million lobbying in Washington, or about $431,574 per day over the first nine months, employing about 750 lobbyists[41] (though not every lobbyist is advocating on behalf of this specific legislation). Some news reports estimate 160 lobbyists have been hired to work on this repatriation proposal.[42]

Highest Spenders

Notable among these 20 corporate giants are three free-spending companies:

- Since 2005 General Electric has spent $164 million lobbying for its interests in Washington. It also tops the list of spenders in 2011, with $21 million already poured into lobbying Congress.

- Verizon's totals are also quite shocking, having spent $104 million since 2005 to press its case in the nation's capital. In 2011 so far, the telecommunications giant has spent $12 million.

- Drug-maker Pfizer is the third largest lobbyist on the list, spending $94 million over the past seven years. They have spent $11 million so far in 2011

Table 6. Total Spent Lobbying in Washington by 20 Corporations[43]

Company	Total, 2005-2011	2011 (through 9/30)
General Electric	$163,460,000	$21,010,000
Verizon	$103,755,610	$12,280,000
Pfizer	$94,417,268	$10,910,000
Microsoft	$54,565,000	$5,455,000
Merck	$49,217,510	$9,095,000

[41] The number of unique names of lobbyists who have had any of the 20 corporations as clients in 2011, based on data provided by Center for Responsive Politics and accessed on October 28, 2011 on TransparencyData.com.
[42] Jesse Drucker, Richard Rubin, and Ryan Mac, "The Trillion-Dollar Tax Holiday," Bloomberg Businessweek, http://media.bloomberg.com/bb/avfile/rcXtTGGhm6_M.
[43] Based on analysis of data provided by the Center for Responsive Politics.

Eli Lilly	$49,169,110	$6,865,000
Johnson & Johnson	$45,761,000	$4,876,000
Dow Chemical	$40,160,939	$7,340,000
Honeywell	$35,682,000	$3,240,000
Coca-Cola	$31,714,215	$4,740,000
Oracle	$31,614,827	$5,123,200
Bristol-Myers Squibb	$29,890,776	$2,410,000
Duke Energy	$29,220,234	$4,800,000
Hewlett-Packard	$27,525,375	$4,661,007
PepsiCo	$22,734,754	$2,610,000
DuPont	$22,646,330	$2,732,816
Bank of America	$22,370,014	$2,210,000
International Paper	$20,219,133	$2,660,000
Caterpillar	$16,212,862	$2,150,000
Cisco Systems	$10,230,000	$2,220,000
Total	**$900,566,957**	**$117,388,023**

CAMPAIGN CONTRIBUTIONS

Overview

Big donors representing the 20 corporations analyzed in this report also contributed heavily to political parties and federal political candidates over the past seven years. Since 2005, executives and PACs from these companies gave a total of $110 million to federal elections—a tremendous amount of money for political ads, consultants, polling, and negative campaigning.

Party Split

The corporate donations from 2005 to 2011 are split 54 percent for Republican candidates and party committees and 46 percent for Democratic ones. Yet these overall summary numbers mask the way in which donors representing these 20 corporations switched allegiances based on who controlled Congress. For example, in the 2005 to 2006 election cycle, when Republicans controlled one chamber in Congress and the White House, these donors gave 66 percent of their money to the Republicans. From 2007 to 2008, when Democrats were in ascendency and eventually took the White House and both branches of Congress, companies gave 54 percent of their money to the Democrats. This election cycle after historic wins by Republicans in 2010, they have resumed giving more to the GOP, giving 58 percent of their money to them.

These shifts can be dramatic from election cycle to election cycle within specific companies, and it provides a window into how money flows to those who hold power. Microsoft donations, for example, changed from an even split between the GOP and Democrats (49 to 51 percent) in the 2006 election cycle to a 29 to 71 percent disparity for the GOP in 2008, and then back to a 58 to 42 percent advantage for the Democrats in 2010.

Top Corporate Donors

Donors and PACs representing five of the 20 corporations (General Electric, Honeywell, Microsoft, Bank of America, and Verizon) gave $59 million from 2005 to 2011. That total includes $13 million from General Electric donors, $13 million from Honeywell donors, $12 million from Microsoft donors, $11 from Bank of America donors, and $10 million from Verizon donors. The donations from these five corporate sources represents 53 percent of the total amount given by PACs and executives associated with all 20 corporations.

Table 7. Federal Political Contributions Since 2005 by PACs and Employees of 20 Corporations[44]

Company	To Dems	To Repubs	Grand Total
General Electric	$7,107,578	$6,280,069	$13,387,647
Honeywell	$6,067,358	$7,023,531	$13,090,889
Microsoft	$6,857,479	$4,662,001	$11,519,480
Bank of America	$4,770,862	$6,474,318	$11,245,180
Verizon	$4,244,609	$5,452,857	$9,697,466
Pfizer	$3,845,703	$5,440,682	$9,286,385
Merck	$2,468,306	$3,070,671	$5,538,977
Johnson & Johnson	$2,456,056	$2,229,412	$4,685,468
Eli Lilly	$1,800,601	$2,573,539	$4,374,140
Cisco Systems	$2,464,435	$1,777,352	$4,241,787
Duke Energy	$1,139,502	$2,260,005	$3,399,507
Coca-Cola	$1,276,722	$2,088,493	$3,365,215
Oracle	$1,674,870	$1,119,412	$2,794,282
International Paper	$726,815	$2,031,688	$2,758,503
Hewlett-Packard	$1,371,904	$1,045,657	$2,417,561
Caterpillar	$492,320	$1,913,830	$2,406,150
PepsiCo	$1,070,147	$1,175,782	$2,245,929
Dow Chemical	$501,490	$1,137,568	$1,639,058
DuPont	$436,128	$690,029	$1,126,157
Bristol-Myers Squibb	$399,696	$560,033	$959,729
Total	**$51,172,581**	**$59,006,929**	**$110,179,510**
	46%	**54%**	

CEO Campaign Donors

Several well-known CEOs have been large donors over the past seven years:

[44] Based on analysis of data provided by the Center for Responsive Politics.

- Steven Ballmer, CEO of Microsoft, has contributed $157,300 since 2005 to federal politicians and parties.

- John Chambers, CEO of Cisco Systems, and his wife Constance Chambers, have collectively given $150,700 to federal candidates and parties since 2005.

- Richard Clark, CEO of drug-maker Merck, has given $100,800 since 2005.

- Oracle CEO Lawrence Ellison has donated $71,000 to federal politics since 2005.

- Ivan Seidenberg, CEO of Verizon until recently, and his wife Phyllis Seidenberg, have donated $89,550 to federal elections since 2005.

Congressional Recipients

Eleven current members of Congress have raised more than half a million dollars each from donors associated with the 20 corporations featured in this report. The top fundraiser, by far, from these corporate interests is House Majority Leader Eric Cantor (R-Va.), who raised $1.1 million since 2005. Senate Minority Leader Mitch McConnell (R-Ky.) is ranked second at $787,350, with Senator Roy Blunt (R-Mo.) third at $757,508. House Speaker John Boehner is fourth on the list with $669,500. In all, there are seven GOP members and four Democratic members among the top eleven.

Table 8. Total Contributions to Current Members of Congress from PACs & Employees of 20 Corporations Since 2005[45]

Member Name	Party-State	Contributions
Eric Cantor	R-Va.	$1,103,350
Mitch McConnell	R-Ky.	$787,350
Roy Blunt	R-Mo.	$757,508
John Boehner	R-Oh.	$669,500
Max Baucus	D-Mont.	$656,226
Harry Reid	D-Nev.	$639,350
Saxby Chambliss	R-Ga.	$595,500
Steny Hoyer	D-Md.	$593,539
Jim Clyburn	D-S.C.	$593,500
Dave Camp	R-Mich.	$587,528
Richard Burr	R-N.C.	$568,009
Total		**$7,551,360**

Majority Leader Cantor has been an outspoken proponent of the tax holiday for corporations. "Forging consensus on this type of fundamental tax reform will take some

[45] Based on analysis of data provided by the Center for Responsive Politics.

time, and that's why I propose allowing U.S. multinational companies to bring back nearly $1.2 trillion in overseas profits so that they can invest that money here at home," he told an audience assembled at the Hoover Institution in California in March.[46]

Other members on the list have proposed their own repatriation ideas. Recently, the chairman of the House's chief tax-writing committee, Dave Camp (R-Mich.), "released a draft proposal for moving the U.S. to a territorial tax system that includes a form of repatriation: as part of the transition to the new regime, companies would pay a 5.25 percent rate on their foreign earnings, whether or not they brought those profits home over an eight-year window."[47] Camp is also a member of the congressional supercommittee to address deficit reduction.

Others have been critical of the way the 2004 repatriation of foreign profits was conducted. Senator Max Baucus, chair of the Senate Finance Committee and also a member of the supercommittee, has indicated that he remains unconvinced on the idea. He is also the first Democrat in the above list at number five, raising $656,226 from these 20 companies since 2005.

SUPERCOMMITTEE

Overview

On October 27, the WIN America corporate coalition issued a press release calling on the supercommittee to include a tax holiday in their package of deficit reduction measures. In a letter signed by trade associations and business leaders from companies like Cisco, Microsoft, and Oracle, they proposed the following:

> To attract—rather than lock out—capital and create jobs here at home, we must act in our short- and long-term interest. With regard to the first, we should take immediate steps to encourage U.S. businesses to repatriate the approximate $1 trillion in accumulated foreign earnings that are locked outside of our country because of an antiquated and punitive tax code. As a nation, we are much better off with those dollars being invested here rather than elsewhere.[48]

The letter was received by those well-known to the corporations. The 12 members of the supercommittee have received a substantial sum over their careers, $6.4 million from donors representing the 20 corporations profiled in this report. Topping the list of

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[46] Bernie Becker, "Cantor's repatriation stance at odds with administration's take," The Hill, March, 22, 2011, http://thehill.com/blogs/on-the-money/domestic-taxes/151207-cantors-repatriation-stance-at-odds-with-administrations-take.
[47] Tory Newmyer, "Tax repatriation talks heat up but key support is missing," CNN Money, October 27, 2011, http://finance.fortune.cnn.com/2011/10/27/tax-repatriation-support/.
[48] WIN America Staff, "Leading CEOs and Tech Groups Call For Super Committee To Consider Repatriation," WIN America Campaign, October 27, 2011, http://www.winamericacampaign.org/2011/10/27/leading-ceos-tech-groups-call-super-committee-repatriation/.

corporations is Microsoft, giving $1.1 million to supercommittee members since 1989. The software and computing giant has $45 billion stashed overseas. General Electric, which has $94 billion in offshore funds, has donated $724,849 to members of the select panel.

Table 9. Total Contributions from 20 Company PACs and Employees to Supercommittee Members, by Company Since 1989[49]

Company	Contributions
Microsoft	$1,018,222
General Electric	$724,849
Verizon	$668,959
Pfizer	$517,634
Bank of America	$461,699
Honeywell	$414,420
Merck	$409,429
Eli Lilly	$385,000
Dow Chemical	$383,194
Johnson & Johnson	$242,350
Duke Energy	$237,250
International Paper	$147,250
Cisco Systems	$136,400
Coca-Cola	$126,982
PepsiCo	$118,264
Caterpillar	$103,050
Oracle	$101,200
Hewlett-Packard	$96,800
Bristol-Myers Squibb	$73,400
DuPont	$47,271
Total	**$6,413,623**

The top supercommittee recipient of campaign money from the 20 companies is Senate Finance Committee chair Max Baucus, with $1.1 million since 1989 (Baucus has also served in Congress longer than any other supercommittee member). Another high-ranking Democrat, on the House side, is the second highest recipient; Jim Clyburn has also received over $1 million from these 20 companies to his campaign and leadership political action committees. Representative Dave Camp is the biggest recipient among supercommittee Republicans, with $970,178 over his career.

[49] Based on analysis of data provided by the Center for Responsive Politics.

Table 10. Total Contributions from 20 Company PACs and Employees to Supercommittee Members, by Member Since 1989

Member	Contributions
Max Baucus (D-Mont.)	$1,114,946
Jim Clyburn (D-S.C.)	$1,018,414
Dave Camp (R-Mich.)	$970,178
Patty Murray (D-Wash.)	$792,180
Jon Kyl (R-Ariz.)	$654,992
Fred Upton (R-Mich.)	$545,739
Rob Portman (R-Ohio)	$309,243
John Kerry (D-Mass.)	$271,882
Xavier Becerra (D-Calif.)	$246,600
Jeb Hensarling (R-Texas)	$241,500
Pat Toomey (R-Pa.)	$126,949
Chris Van Hollen (D-Md.)	$121,000
Total	**$6,413,623**

Revolving Doors and the Supercommittee

Corporations and lobbying firms often recruit staff from top congressional offices and committees and pay them three, four, or five times what they were making in Congress. This provides companies with privileged access to policymakers.

Thirty-five of the lobbyists hired by the 20 corporations since 2005 have worked for supercommittee members. Some of these revolving door staffers have particularly important roles around the repatriation issue. Baucus' former chief of staff, Jeff Forbes, lobbies for WIN America. Forbes' clients include Hewlett-Packard and Merck. Dena Battle, former legislative director to Camp, also represents the WIN America coalition[50] and lobbies for General Electric through the firm Capitol Counsel. (See Appendix for a full list of revolving door connections.)

Table 11. Total Revolving Door Staff by Member[51]

Member	Count
Baucus	8
Kerry	6
Murray	5
Becerra	3
Camp	3
Kyl	3

[50] WIN America paid Dena Battle's firm, Capitol Counsel, $150,000 in the first half of 2011 to lobby on repatriation. Bloomberg Businessweek, http://media.bloomberg.com/bb/avfile/rcXtTGGhm6_M.
[51] The revolving door staff list for each supercommittee member, as provided by the Center for Responsive Politics, was cross-referenced with a list of lobbyists who have been reported as having any of the 20 companies as clients since 2005.

Toomey	3
Clyburn	2
Portman	1
Upton	1
Total	**35**

Among this group of 20 companies, Microsoft has employed the most revolving door lobbyists since 2005. General Electric, Verizon, Pfizer and Merck also have significant connections to policymakers through revolving door lobbyists they have hired.

Table 12. Total Revolving Door Staff by Company[52]

Company	Total
Microsoft	15
General Electric	13
Verizon	10
Pfizer	8
Merck	7
Johnson & Johnson	5
Cisco Systems	4
Eli Lilly	4
Hewlett-Packard	4
Honeywell	4
Bristol-Myers Squibb	3
Dow Chemical	3
Bank of America	2
Caterpillar Inc	1
Coca-Cola	1
Duke Energy	1
DuPont	1
International Paper	1
Oracle	1
PepsiCo	1
Grand Total	**89**

Personal Financial Disclosure

Some members of the supercommittee hold substantial assets in some of the 20 corporations studied in this report and could stand to gain as investors. Based on personal financial disclosure reports filed in May 2011, John Kerry, Dave Camp, and Fred Upton have particularly large investments in these companies, as of the end of December 2010.

[52] This is the same data as the table of revolving door staff by member, but some lobbyists have worked for multiple firms.

Kerry's holdings are substantial if his wife's assets are considered. Combined, he and his wife have between $3,888,023 and $6,183,000[53] invested in a number of these companies. Their largest holdings include Coca-Cola (valued at over $1 million), Microsoft (valued between $765,003 and $1,550,000), Pfizer (valued between $752,004 and $1,531,000), and General Electric (valued between $616,004 and $1,315,000).

The value of Camp's total stock holdings in companies analyzed in this report ranges from $655,014 to $1,450,000. His largest holding is between $250,001 and $500,000 in Dow Chemical, based in Michigan. His second largest holding is in Coca-Cola, valued between $100,002 and $200,000.

Upton's stocks holdings from this set of companies is valued between $480,021 and $1,250,000.[54] His largest holding is in PepsiCo, valued between $300,002 and $600,000. His second largest holding is in Pfizer, valued between $65,002 and $150,000.

[53] The upper estimate for one of the assets held by Kerry's spouse (Coca-Cola) is "over a million" so an upper range for this asset was not included in the total. Through jointly held trusts where his spouse is not the explicit holder, assets in these companies are valued between $38,010 and $225,000.

[54] This range includes assets listed as belonging to his spouse and some are in family trusts where he claims he does not actively manage funds. Assets in the latter category are valued between $397,015 and $1,005,000.

Spotlight: Rep. Dave Camp

In a discussion draft released by the House Ways and Means Committee on October 26, 2011, committee chair Camp proposed, as part of a comprehensive tax reform plan, a form of the repatriation tax holiday. Camp proposed that the U.S. switch to a territorial-based system that would includes taxation of overseas earnings at 5.25 percent.

Camp ranks highly among policymakers receiving campaign contributions from the 20 corporations examined in this report. Among all current members of Congress, Camp is the tenth highest recipient of their campaign spending, with $587,528 since 2005. Among supercommittee members he is the third highest recipient, with $970,178 over his career.

Camp also has ties to the corporations lobbying for the tax holiday through former staff. His former legislative director, Dena Battle, is a lobbyist for the WIN America coalition. Michael Haywood, his former legislative assistant, lobbies for Duke Energy through the firm LTD Group, and Jasper Thompson, Camp's former legislative counsel, lobbies for DuPont through Van Scoyoc Associates.

Camp also has substantial investments in some of these companies and could stand to improve his own personal wealth if companies benefit from a tax holiday. His total stock holdings in companies analyzed in this report are valued between $655,014 to $1,450,000. His largest investment is in Michigan-based Dow Chemical, valued between $250,001 and $500,000. His second largest investment amongst these companies occurs in Coca-Cola stock, valued between $100,002 and $200,000.

Spotlight: House Majority Leader Eric Cantor

Cantor has been an outspoken proponent of the tax holiday for corporations. As early as March this year, Cantor proposed creating a loophole for major corporations to bring their money home form overseas tax havens. While many lawmakers, and the Obama Administration, are open to repatriation as part of an overarching tax reform plan, Cantor remains unconvinced that Congress should wait to close loopholes in exchange of giving corporations a tax holiday.

"We must make America competitive again by lowering the corporate tax rate to at least 25 percent," he told the audience at Stanford's Hoover Institute in March. He continued:

> Forging consensus on this type of fundamental tax reform will take time, so in the meantime I propose that we allow U.S. multinational companies to bring back almost $1.2 trillion in overseas profits at a lower tax so they can invest in our economy here at home.

That's no surprise. Among all members of Congress, Cantor is the top recipient of campaign money from the 20 corporations analyzed in this report, with $1,103,350 in receipts since 2005.

Over his career, he has been a voracious fundraiser. From the companies profiled here, for example, he has pulled in $97,000 from Bank of America, $95,950 from Verizon, and $80,350 from General Electric, to name a few.

Sources: Cantor speech to Hoover Institute, Stanford University, Palo Alto, California, March 21, http://majorityleader.gov/newsroom/2011/03/embargoed-leader-cantor-unveils-pro-growth-economic-plan-at-stanford-university.html (accessed 11/14/11). Center for Responsive Politics, http://www.opensecrets.org.

Conclusion & Recommendations

The findings of this report—that major American corporations are flexing their political muscle to avoid paying taxes—underscores the gulf between Washington and the rest of the country. The 20 companies here have paid, for the most part, extraordinary compensation to their CEOs while stashing cash in offshore tax havens. They now are utilizing the American jobs crisis and their political money to reap hundreds of billions of dollars in tax savings.

We have tried this before. The elusive promises of job creation did not materialize after 2004. Instead, the data shows by and large that companies stashed even more money overseas, shipped jobs offshore, and paid their CEOs even more. Why would we ever go down that path again?

The answer is found, at least with these 20 corporations, in the $1 billion in political spending since 2005. These 20 corporations combined spent nearly half a million dollars a day, Saturdays and Sundays included, influencing politics since 2005. Everyday Americans have little ability to compete in that arena.

Our recommendations:[55]

1) Close loopholes and don't open them. Instead of opening up another loophole for companies that create jobs overseas, we should close the loophole that allows this to happen in the first place.

2) Tax offshore holdings the same as domestic earnings. If the current $1.2 trillion is repatriated, it should be brought back subject to the same tax rate that businesses large and small pay on their profits. Why should these corporations that sent jobs and capital overseas to avoid paying taxes be rewarded while other companies pay their fair share? These tax revenues should be dedicated to creating good jobs here in America.

3) Pass the Fair Elections Now Act. These large corporations have outsized influence in the funding of our elections. We must elevate the voices of everyday Americans in our democracy by making their votes and small donations matter to elected officials. The Fair Elections Now Act is the best approach to ensuring that our government can be of, by, and for the people, not the corporate special interests.

[55] Public Campaign does not take policy positions on matters outside the role of money in politics. We do, however, believe that issues like the tax rates applied to large corporations is a phenomenon impossible to explain without exploring the role of private money in our public elections. Recommendations 1 and 2 on this list are ones attributable to USAction.

Methodology and Sources

Selection of 20 Companies to Analyze
We chose a cross-selection of America's largest and best-known companies that had benefited from the 2004 tax holiday. In order to include the most up-to-date and thorough information we drew from two recent reports:

1) "Repatriating Offshore Funds: 2004 Windfall for Select Multinational Companies" published October 11, 2011 by the United States Senate Permanent Subcommittee on Investigations, chaired by Senator Carl Levin; and
2) "America Loses: Corporations That Take 'Tax Holidays' Slash Jobs" published on October 3, 2011 by the Institute for Policy Studies.

Of the 20 companies we selected, ten are drawn from the 15 firms benefiting the most from the 2004 tax holiday and profiled in the Senate subcommittee study. These include: Bristol-Meyers Squibb, Coca-Cola, DuPont, Eli Lilly, Hewlett-Packard, Johnson & Johnson, Merck, Oracle, PepsiCo and Pfizer. This sampling included firms from just three industries: pharmaceuticals, high-tech and the food industry. To ensure representation across other industries we also selected a sample of companies profiled in the IPS report: Bank of America, Caterpillar, Dow Chemical, Duke Energy, General Electric, Honeywell, International Paper, and Verizon. In addition to sampling companies that most benefited from the 2004 tax holiday across different industrial sectors, we also included companies that have been leaders in the WIN America coalition, the industry lobbying group that has been the major driving force behind the tax holiday. This led us to include Cisco, Oracle, and Microsoft. (Pfizer and Duke Energy who we had selected for other reasons are also leaders in the WIN America coalition.)

Repatriated Funds from 2004 Provision
This information was compiled from the Senate Permanent Subcommittee report and the Institute for Policy Studies report, both referenced above. The Senate subcommittee relied on company responses to their questionnaire. The Institute for Policy Studies relied on independent research and two sources: 1) "Permanently Reinvested Earnings: Priceless" by Rodney P. Mock and Andreas Simon, assistant professors at California Polytechnic State University, published in Tax Notes on November 17, 2008; and 2) American Shareholders Association's "Repatriation Scorecard," http:// www.atr.org/pdf/2005/aug/081905asa-repat.pdf.

Changes in Global and U.S. Employment
This information was taken from the Institute for Policy Studies report referenced above. IPS compiled employment information initially through a review of 2004 and 2010 Form 10-K annual reports filed with the Securities and Exchange Commission.

Profits and Cash on Hand
This information was taken from the Institute for Policy Studies report referenced above. IPS obtained cash positions from each company's most recently filed 10-Q quarterly report as of November 1, 2011. IPS obtained pre-tax global profits from each company's SEC annual report Form 10-K.

Domestic vs. Foreign Assets
The asset figures were obtained from the notes to each company’s financial statements as reported in its annual report or 10-K filings. The aggregate figures on asset growth do not include Verizon, which failed to provide a geographic breakdown in its 2010 financial statements.

CEO Compensation
The compensation figures were derived from each company’s most recent proxy statement (Form DEF 14A) posted on the Securities and Exchange Commission EDGAR database at http://www.sec.gov/edgar/searchedgar/webusers.htm. Total compensation is the sum of total annual compensation (as reported in the Summary Compensation table) and the value realized from the exercise of stock options and other stock awards during the year.

Offshore Funds
This information was compiled from both the Senate Permanent Subcommittee report and the Institute for Policy Studies report. The Senate subcommittee used the reported accumulated foreign earnings from company public financial filings. The Institute for Policy Studies used reported untaxed foreign profits in the Tax Footnote of financial statements.

Lobbying Expenditures
This information is provided by the Center for Responsive Politics (CRP) through the lobbying database on OpenSecrets.org (http://www.opensecrets.org/lobby/index.php). For each company, expenditures reported for each year starting in 2005 were compiled to calculate total lobbying expenditures. The searches were done on October 27, 2011 and include federal lobbying data available through the end of September 2011. Subsidiaries were included in company totals.

Campaign Contributions
This information is based on analysis of data provided by the Center for Responsive Politics (CRP), available for contributions made starting in 1989 through June 30, 2011. Most of the data were downloaded through the online searchable database provided by the Sunlight Foundation at their TransparencyData site (http://transparencydata.com/). Contributions made by company PACs and employees were included. Contributions made to political party committees, candidate campaign committees, and candidate political action committees were included. Contributions made by subsidiaries were included. Contributions to joint fundraising committees were excluded.

Revolving Door
Information on revolving door staff of each supercommittee member is provided by the Center for Responsive Politics (CRP) through the revolving door section on OpenSecrets.org (http://www.opensecrets.org/revolving/index.php). In order to determine which of the revolving door staff have lobbied since 2005 for the 20 companies featured in the report, a search was done on TransparencyData.com (accessed on October 28, 2011) for all lobbyists employed by the 20 companies starting in 2005.

Personal Financial Disclosure
This information was obtained from the personal financial disclosure forms filed by supercommittee members in May 2011, reporting assets held in 2010. These forms were obtained from LegiStorm.com.

Appendix

Table A-1. Domestic and Foreign Assets Comparison Between 2004 and 2010

Company	Domestic Assets (Millions)		Foreign Assets (Millions)		2004 Percent Foreign Assets	2010 Percent Foreign Assets
	2004	2010	2004	2010		
Bank of America	$1,046,639	$1,954,517	$63,818	$310,392	5.7%	13.7%
Bristol-Myers Squibb	$15,727	$3,119	$14,708	$1,545	48.3%	33.1%
Caterpillar	$4,424	$6,427	$3,258	$6,112	42.4%	48.7%
Cisco Systems	$2,959	$3,284	$361	$632	10.9%	16.1%
Coca-Cola	$4,731	$8,251	$9,289	$6,476	66.3%	44.0%
Dow Chemical	$7,139	$8,393	$6,689	$9,275	48.4%	52.5%
Duke Energy	$34,938	$42,754	$12,561	$2,733	26.4%	6.1%
DuPont	$7,161	$7,835	$3,063	$3,504	30.0%	30.9%
Eli Lilly	$5,874	$5,334	$3,184	$3,940	35.2%	42.5%
General Electric	$25,452	$17,596	$37,882	$48,618	59.8%	73.4%
Hewlett Packard	$3,418	$6,479	$3,231	$5,284	48.6%	44.9%
Honeywell	$9,083	$14,176	$2,502	$4,835	21.6%	25.4%
International Paper	$11,764	$8,866	$5,604	$3,883	32.3%	30.5%
Johnson & Johnson	$14,324	$23,315	$7,510	$22,533	34.4%	49.1%
Merck	$2,447	$11,078	$2,399	$6,004	49.5%	35.1%
Microsoft	$5,365	$18,498	$645	$2,989	10.7%	13.9%
Oracle	$1,427	$2,359	$6,856	$1,474	82.8%	38.5%
PepsiCo	$10,212	$28,631	$6,661	$20,264	39.5%	41.4%
Pfizer	$29,069	$43,665	$22,567	$38,763	43.7%	47.0%
Verizon	$72,668	N/A	$7,311	N/A	9.1%	N/A

Table A-2. Announced Layoffs for Partial Set of Companies, 2004-2011

Company	Number of Workers
Bank of America	65,000
Pfizer	58,071
Merck	44,400
Verizon	39,000
Caterpillar	27,499
Dow Chemical	17,530
DuPont	17,000
Johnson & Johnson	9,900
Cisco Systems	6,500
International Paper	2,050

Source: Institute for Policy Studies, 2011. IPS data sources included company 10-K SEC filings, Forbes.com, and consulting firm Challenger, Gray and Christmas. IPS data was only available for ten out of the 20 companies featured in this report.

Table A-3. Offshore Funds for 20 Corporations in 2010 and Potential Taxes Dodged by Holiday, Detailed

Company	Offshore Funds (millions)	Taxes Owed at Regular Rate, 35%	Taxes Owed at Holiday Rate, 5.25%	Potential Taxes Dodged by Holiday (millions)
General Electric	$94,000	$32,900	$4,935	$27,965
Pfizer	$48,200	$16,870	$2,531	$14,340
Microsoft	$44,800	$15,680	$2,352	$13,328
Cisco Systems	$44,800	$15,680	$2,352	$13,328
Merck	$40,400	$14,140	$2,121	$12,019
Johnson & Johnson	$37,000	$12,950	$1,943	$11,008
PepsiCo	$26,600	$9,310	$1,397	$7,914
Hewlett-Packard	$21,900	$7,665	$1,150	$6,515
Coca Cola	$20,800	$7,280	$1,092	$6,188
Eli Lilly	$19,900	$6,965	$1,045	$5,920
Bank of America	$17,900	$6,265	$940	$5,325
Bristol-Myers Squibb	$16,400	$5,740	$861	$4,879
Oracle	$16,100	$5,635	$845	$4,790
DuPont	$12,631	$4,421	$663	$3,758
Caterpillar	$11,000	$3,850	$578	$3,273
Dow Chemical	$9,798	$3,429	$514	$2,915
Honeywell	$6,000	$2,100	$315	$1,785
International Paper	$4,300	$1,505	$226	$1,279
Duke Energy	$2,398	$839	$126	$713
Verizon	$1,200	$420	$63	$357
Total	**$496,127**	**$173,644**	**$26,047**	**$147,598**

Table A-4. Revolving Door Staff for Supercommittee Members and 20 Corporations Since 2005

Member	Lobbyist	Staff Position with Member	Client Company
Baucus	Blauwet, Roger	Tax Counsel	Pfizer Inc Merck
	Castagnetti, David	Chief of Staff	General Electric Hewlett-Packard PepsiCo Inc Pfizer Inc Verizon Merck
	Cavey, Brian	Legislative Director	Microsoft Corp
	Forbes, Jeff	Chief of Staff	Hewlett-Packard Merck
	Giordano, Nick	Chief Tax Counsel for Senate Finance Commitee, Legislative Director	Cisco Systems Dow Chemical Eli Lilly General Electric Johnson & Johnson Microsoft Corp Verizon
	Mastel, Greg	Chief Economic & International Trade Adviser to Senate Finance Committee	Honeywell
	Parven, Scott	Chief International Trade Counsel	Bank of America Caterpillar Inc General Electric Microsoft Corp
	Prowitt, Peter	Chief of Staff	General Electric
Becerra	Ahn, Susie	Legislative Assistant	Eli Lilly Microsoft Corp Pfizer Inc
	Grab, Francis	Legislative Assistant	Cisco Systems Dow Chemical Eli Lilly General Electric Johnson & Johnson Microsoft Corp Verizon
	Siddiqui, Arshi	Ways and Means Counsel	General Electric Honeywell Pfizer Inc
Camp	Battle, Dena	Legislative Director	General Electric
	Haywood, Michael	Legislative Assistant	Duke Energy
	Thompson, Jasper	Legislative Counsel	DuPont
Clyburn	Gelman, Matt	Senior Advisor	Microsoft Corp
	Grimaldi, Dave	Senior Counsel	General Electric

			Microsoft Corp
Kerry	Houton, James	Legislative Assistant	Microsoft Corp Verizon
	LaSala, Barry	Counsel	Microsoft Corp Verizon
	Rice, Brian	Communications Policy Advisor	Verizon
	Rothschild, Gregg	Legislative Director	Verizon
	Yager, Marilyn	Legislative Aide on Health	Johnson & Johnson Merck
Kyl	Clark, Christine	Foreign Policy & Defense Advisor	Oracle
	Rossman, Manny	Chief of Staff	General Electric
	Willcox, Lawrence	Tax Counsel	General Electric Microsoft Corp Verizon International Paper
Murray	Hancock, Shay Michael	Legislative Assistant	General Electric
	Meade, Heather	Deputy Scheduler/Assistant to Chief of Staff	Cisco Systems Dow Chemical General Electric Johnson & Johnson Microsoft Corp Verizon
	Sixkiller, Casey	Policy Advisor	General Electric Honeywell
	Timmeny, Michael	Chief of Staff	Cisco Systems
Portman	Morrell, Jim	Communications Director	Bank of America Bristol-Myers Squibb Hewlett-Packard Microsoft Corp Verizon Coca-Cola Co
Toomey	Thornhill, Barrett	Legislative Assistant	Bristol-Myers Squibb Eli Lilly Johnson & Johnson Pfizer Inc Merck
	Wild, Brian	Chief of Staff	Bristol-Myers Squibb Hewlett-Packard Pfizer Inc Merck
Upton	Cohen, Howard	Special Assistant	Pfizer Inc Merck

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About the Organizations

Public Campaign is a national nonpartisan organization that fights to raise the voices of everyday people in our democracy through changing our campaign finance laws and through holding elected officials accountable. Learn more at www.publicampaign.org.

For more information, contact Adam Smith (asmith@publicampaign.org).

USAction is a federation of 22 state affiliates that organize for a more just America. With our state partners, we build broad coalitions to win progressive campaigns that enrich people's lives. Learn more at http://usaction.org.

For more information, contact David Elliot (delliot@usaction.org)