

Labor Unions, Anti-Poverty Groups, and Other Leading Economic Justice Organizations Urge Support for the “Tax Excessive CEO Pay Act”

— January 18, 2024 —

Dear Member of Congress,

We write to strongly endorse the **Tax Excessive CEO Pay Act**.

As you well know, the gaps between CEO and worker pay have widened dramatically over the past several decades — despite zero evidence that CEO pay hikes reflect improved executive performance.

In 2022, big company CEOs were paid [344 times](#) as much as a typical worker, up from an average pay ratio of just 21 to 1 in 1965. Among the 100 S&P 500 corporations with the lowest wages, [40 percent](#) had CEO-worker pay ratios of 500 to 1 or higher in 2022. At a dozen of these “Low-Wage 100” firms, the CEO made *more than 1,000 times* the company’s median worker pay.

The **Tax Excessive CEO Pay Act** gives corporations an incentive to narrow these extreme divides by lifting up the bottom and bringing down the top of their pay scale. Under the bill, companies with huge gaps between their CEO and median worker pay would face higher federal corporate tax rates.

Tax penalties would begin at 0.5 percentage points for companies that pay their top executives between 50 and 100 times more than their typical workers. Companies that pay top executives over 500 times worker pay would face the highest increase in their tax rate, at 5 percentage points. All private and publicly held U.S. corporations with average annual sales for the three preceding years of at least \$100 million would be subject to the tax.

The bill would raise an estimated [\\$150 billion](#) over 10 years that could be used to support working families and reduce inequality.

This bill would also discourage the outrageous CEO bonuses that give executives an incentive to take excessive risks, from the reckless lending that led to the 2008 crash to the flooding of communities with deadly opioids. Instead, the bill would encourage fair pay practices that are good for the bottom line. [Extensive academic research](#) has shown that extreme pay disparities undermine corporate effectiveness by reducing employee morale and productivity and raising turnover rates.

At the height of the UAW strike last fall, 62 percent of Americans [surveyed](#) said they believed that “worker pay should be increased whenever CEO pay is increased to prevent inequality.” Congress should support workers who are fighting for a fair share of the fruits of their labor by endorsing the **Tax Excessive CEO Pay Act**.

We look forward to working with congressional leaders to make this bill law.

Sincerely,

AFL-CIO
American Federation of State, County, and Municipal Employees (AFSCME)
Americans for Financial Reform

Center for Popular Democracy
Coalition on Human Needs
Communications Workers of America
Institute for Policy Studies/Global Economy Project
International Brotherhood of Teamsters
Jobs With Justice
National Council of Churches
National Employment Law Project
National Health Care for the Homeless Council
NETWORK
Patriotic Millionaires
Public Citizen
Restaurant Opportunities Centers United
RootsAction.org
Service Employees International Union (SEIU)
Strong Economy for All
Take on Wall Street
The Value Alliance
United for Respect

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