To impose a net worth tax of 14.25 percent on all individuals and trusts with a net worth of $10,000,000 or more.

IN THE HOUSE OF REPRESENTATIVES

APRIL 25, 2017

Mr. VARGAS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To impose a net worth tax of 14.25 percent on all individuals and trusts with a net worth of $10,000,000 or more.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Donald J. Trump

Wealth Tax Act of 2017”.

SEC. 2. FINDINGS.

Congress finds the following:

(1) In 1999, then Presidential candidate Don-
ald J. Trump said the following on Good Morning

America regarding his wealth tax plan, “If I were
president, it would be passed. I think if somebody else is president, it probably can’t be. . . . This is a tax paid by 1 percent, but the 1 percent will be very big beneficiaries with what’s going to happen and the positive forces that would take place in the economy.”.

(2) In an interview with Sean Hannity on Fox News in 2015, then Presidential candidate Trump described his 1999 wealth tax plan as “a very conservative thing to do.”.

(3) The proposed tax plan, according to then Presidential candidate Trump, was expected to raise $5.7 trillion and pay off the national debt in its entirety at the time.

(4) Many prominent conservatives have argued reducing the national debt is crucial for our economic health and prosperity, including the following:

(A) According to a 2011 Heritage Foundation Report, Saving the American Dream, “Our national debt now is nearly 70 percent of GDP and on track to hit 185 percent within 25 years. Lower debt will remove the threat of financial crisis and restore the confidence of investors and lenders. It will also sharply reduce the debt burden on future generations, relieve
the pressure on interest rates, and help to se-
cure our prosperity.”.

(B) Republican National Committee Chair-
man, now White House Chief of Staff, Reince
Priebus in his 2014 Statement on the National
Debt Increase stated, “Spending more money
than we have is immoral; it hurts future gen-
erations who will be left to pay off the bills.
Taking care of this generation shouldn’t require
robbing the next. This is why Republicans have
fought for fiscal responsibility in Congress.”.

(C) As the Cato Institute wrote in 2016,
“The debt matters. Not only is it remarkably
unfair to our children and grandchildren, it is
imposing costs today. Our economic growth is
slower and our wages lower than they would be
if it were smaller. Other political and economic
priorities are being squeezed out. Interest on
the debt was projected to reach $261 billion
this year, and exceed $500 billion by 2020 even
before factoring in the recent budget-busting
deals.”.

(D) In August of 2016, President of the
Committee for a Responsible Federal Budget,
Maya MacGuineas, said, “The evidence is clear:
Reducing our projected long-term debt will promote economic growth; increasing debt will slow that growth.”

(E) According to the GOP Platform in 2016, “Our national debt is a burden on our economy and families. The huge increase in the national debt demanded by and incurred during the current Administration has placed a significant burden on future generations. We must impose firm caps on future debt, accelerate the repayment of the trillions we now owe in order to reaffirm our principles of responsible and limited government, and remove the burdens we are placing on future generations. A strong economy is one key to debt reduction, but spending restraint is a necessary component that must be vigorously pursued.”

(5) Since the beginning of the Global War on Terror, the Overseas Operations in Iraq, Afghanistan, and other War on Terror-related activities have added an estimated $1.7 trillion to the national debt (according to figures by the Congressional Research Service and the Congressional Budget Office).

(6) Several academic and media reports project total spending and future obligations for the Over-
seas Operations in Iraq, Afghanistan, and other War
on Terror-related activities to cost between $4 tril-
lion and $6 trillion (a recent report by the Cost of
War project at Brown University estimates the costs
through 2053 as $4.792 trillion).

(7) If the Donald J. Trump Wealth Tax raises
the $5.7 trillion that President Trump expected it
would in 1999, it would cover all current and future
obligations incurred by the Global War on Terror
and reduce the debt to GDP ratio from 77 percent
to 46 percent.

(8) On February 28, 2017, President Trump
declared in his speech before Congress that, “Demo-
crats and Republicans should get together and unite
for the good of our country and for the good of the
American people.”.

(9) In the spirit of bipartisanship, we introduce
the Donald J. Trump Wealth Tax to fulfill his prom-
ise to the American people and substantially reduce
our national debt.

SEC. 3. DONALD J. TRUMP WEALTH TAX.

(a) TAX IMPOSED.—There is hereby imposed a tax
equal to 14.25 percent of so much of the net worth of
any individual who is a citizen or resident of the United
States, or any applicable trust, as exceeds $10,000,000.
(b) Valuation.—For purposes of this section, net worth shall be determined as of the date of the enactment of this Act under rules similar to the rules for determining the taxable estate of a decedent under chapter 11 of the Internal Revenue Code of 1986, except that in the case of any married individuals, the tax imposed by this section shall be determined jointly.

(c) Trusts.—For purposes of this section—

(1) Applicable trust.—The term "applicable trust" means any trust which is not treated as a grantor trust under such Code and which is—

(A) a domestic trust; or

(B) any portion of a foreign trust which is allocable, under such rules as the Secretary of the Treasury may prescribe, to one or more beneficiaries who are citizens or residents of the United States.

(2) Grantor trust.—The net worth of any grantor trust shall be taken into account by the grantor in determining the tax imposed by this section.

(d) Exclusion of Principal Residence and Its Indebtedness.—The value of any principal residence (within the meaning section 121 of such Code), and any acquisition indebtedness (as defined in section
7

1 163(h)(3)(B) of such Code) with respect thereto, shall not

2 be taken into account under subsection (a).