



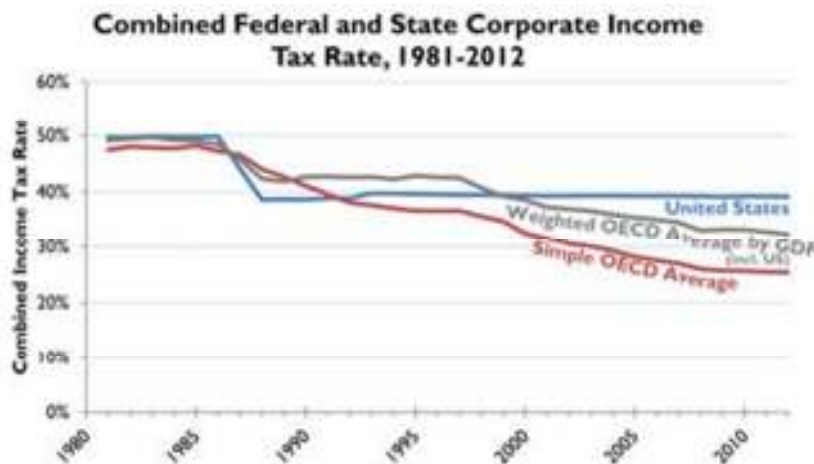
April 12, 2013

Senator Bernie Sanders
332 Dirksen Building
Washington, DC 20510

Dear Senator Sanders,

During your April 5, 2013 appearance on *Real Time with Bill Maher* alongside student Zack Kopplin and columnist Stephen Moore, you denied that the U.S. corporate income tax rate is the highest in the world, responding with “Who funds the National [sic] Tax Foundation?” when told that the Tax Foundation was the source for that fact.

The U.S. corporate tax rate became the highest in the developed world in April 2012, when previously-highest Japan reduced its rate below ours. This rate reflects the 35 percent federal rate combined with a weighted average 4.1 state corporate tax rates, for a total of 39.1 percent. The attached table, from the Organization of Economic Cooperation and Development (OECD), includes the corporate tax rate for the 34 OECD member countries from 1981 to present. The chart below illustrates how other countries have reduced their corporate tax rates below what once was a competitive U.S. rate.



For more information on statutory corporate tax rates, you may read our April 2012 report here: <http://taxfoundation.org/article/oecd-corporate-income-tax-rates-1981-2012>. While we certainly can debate the importance or the desirability of how the U.S. corporate tax rate stands relative to other countries, it is the highest in the developed world.

A rejoinder we sometimes hear is that while the *statutory* corporate rate is the highest in the world, is the *effective* tax rate? In a 2011 report, we reviewed thirteen studies calculating effective corporate tax rates for the United States and other nations. Nearly all of these studies found the U.S. effective corporate tax

rate in the top five of countries, with only Japan consistently higher than the United States (and again, Japan lowered its rate in 2012). The most recent studies show an average U.S. effective corporate tax rate of roughly 27 percent, compared to 20 percent for other countries. New investment is taxed in the U.S. at roughly 29.8 percent, 7.4 percentage points above worldwide competition. So while there are examples of a few companies that exploit tax code carveouts to minimize their tax liabilities, the U.S. average effective tax rate is among the highest in the world, meaning the U.S. imposes a very high tax burden on its corporate sector compared to other nations. (View this full study here: <http://taxfoundation.org/article/us-corporations-suffer-high-effective-tax-rates-international-standards>.)

Finally, your question about our funding. The Tax Foundation is an independent 501(c)(3) non-partisan, non-profit organization founded in 1937. For 76 years, our mission has to been to provide tax facts and principled analysis of tax issues at all levels of government. In 2012, our total revenue (\$2.21 million) consisted of support from philanthropic foundations (35%), corporate contributions (34%), individual donations (16%), and events revenue (15%). No one donor contributed more than twelve percent of our budget and, as a policy, we neither solicit nor receive financial support from any government agency. Our 2012 final figures, Form 990, and final audit will be available soon, and will be posted here alongside past years': <http://taxfoundation.org/funding>. (You may also support the Tax Foundation by visiting www.TaxFoundation.org/donate!)

I'm not sure why your response to a fact about the U.S. corporate tax rate was to ask about our funding, but suffice it to say that we at the Tax Foundation strive to meet the highest standards of accuracy, credibility, and reliability. If you ever find something wrong in one of our reports, please alert me immediately.

Best wishes,

A handwritten signature in black ink, appearing to read "Scott A. Hodge". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Scott A. Hodge
President, Tax Foundation

Attachment: Table of Corporate Tax Rates in the Developed World, 2012

(prior to Japan's April 1, 2012 rate reduction)

	2012
Japan	39.5%
United States	39.1%
France	34.4%
Belgium	34.0%
Weighted Average (by GDP)	32.4%
Portugal	31.5%
Germany	30.2%
Australia	30.0%
Mexico	30.0%
Spain	30.0%
Luxembourg	28.8%
New Zealand	28.0%
Norway	28.0%
Italy	27.5%
Sweden	26.3%
Canada	26.1%
Simple Average	25.4%
Austria	25.0%
Denmark	25.0%
Israel	25.0%
Netherlands	25.0%
Finland	24.5%
Korea	24.2%
United Kingdom	24.0%
Switzerland	21.2%
Estonia	21.0%
Greece	20.0%
Iceland	20.0%
Slovenia	20.0%
Turkey	20.0%
Czech Republic	19.0%
Hungary	19.0%
Poland	19.0%
Slovak Republic	19.0%
Chile	17.0%
Ireland	12.5%