



THE
**AMERICAN
HEALTH CARE
ACT:**
A \$48 Million Annual Tax Cut
for Sheldon Adelson

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Executive Summary

Senate Republicans are currently meeting behind closed doors to negotiate legislation to repeal the Affordable Care Act (ACA). They plan to rush the bill through the Senate along party lines, with the process shrouded in an unprecedented level of secrecy for major legislation. Neither house of Congress has held even a single hearing on the legislation, which will affect the health care of millions of Americans and Nevadans. Though Senate Republicans have kept the legislation secret, it is expected to be similar to the ACA repeal bill that passed the House in May by the narrowest of margins, which is called the American Health Care Act (AHCA).

Critics of the AHCA – including health care experts, patient groups, senior groups, and groups representing doctors, nurses, and hospitals – warn that it would throw millions off insurance and remove critical health care protections without sufficient replacement provisions to protect people’s livelihoods. The Affordable Care Act has benefited millions of people across the country – with 20 million people newly insured due to the law. In Nevada alone, as of December 2016, [294,000 people have gained health coverage](#), bringing the uninsured rate down from 22.6 percent to 12.3 percent. The AHCA threatens to reverse that progress. If it becomes law, an estimated [138,100 Nevadans will lose coverage](#).

The AHCA cuts care for millions while providing massive tax cuts to some of the wealthiest people in the country. This report estimates the tax windfall for one such person: the casino magnate Sheldon Adelson, who is the [richest person in Nevada](#) and a major benefactor of Republican politicians. Adelson is one of the 20 richest people in the world with a net worth estimated at [\\$36 billion](#). He is also consistently among the biggest donors to Republicans’ election coffers. In 2016, he gave upwards of \$82 million to conservative candidates and causes.

If the AHCA becomes law, Adelson’s contributions to Republican candidates – including Nevada Sen. Dean Heller and Rep. Mark Amodei – would pay off in a big way. Based on information contained in the public financial reports of his company, Las Vegas Sands Corp. (LVS), this report estimates that **Adelson would receive an annual tax cut of \$48 million from the AHCA. Over ten years, he would receive a tax cut totaling more than \$500 million.** These estimates are likely conservative, because they account only for Adelson’s income that is discernable from the LVS financial reports, and not any other income.

Meanwhile, if AHCA becomes law, an estimated 138,100 fewer Nevadans would have health insurance, while even more Nevadans could lose critical health protections and be forced to pay more for health care. At its core, AHCA is not actually a bill to improve health care. It is a bill to provide tax cuts for the wealthiest Americans and health care industries, and pay for those tax cuts by taking away health coverage for millions of Americans.

American Health Care Act Tax Cuts Heavily Favor Wealthy Americans

On May 24, Congress’s nonpartisan scorekeepers – the Congressional Budget Office and Joint Committee on Taxation (JCT) – [released their estimates](#) of the costs of repealing the various taxes associated with the ACA. The scorekeepers estimate that repealing ACA funding mechanisms as outlined in the AHCA will cost more than \$600 billion through 2026. The Senate version of AHCA is expected to include [the same tax cuts](#).

The AHCA repeals two key ACA taxes levied on the wealthy to help subsidize health coverage for low- and moderate-income Americans: a 3.8 percent surcharge on investment income ([NIIT](#)) and an additional 0.9 percent Medicare payroll tax or Hospital Insurance surtax ([HI](#)). According to IRS data, in 2015 alone, the NIIT brought in \$18.3 billion, and the HI tax brought in \$8.6 billion. Repealing them would cost about \$231 billion over the next decade (the HI tax repeal only takes effect after 2022), with the breakdown below.

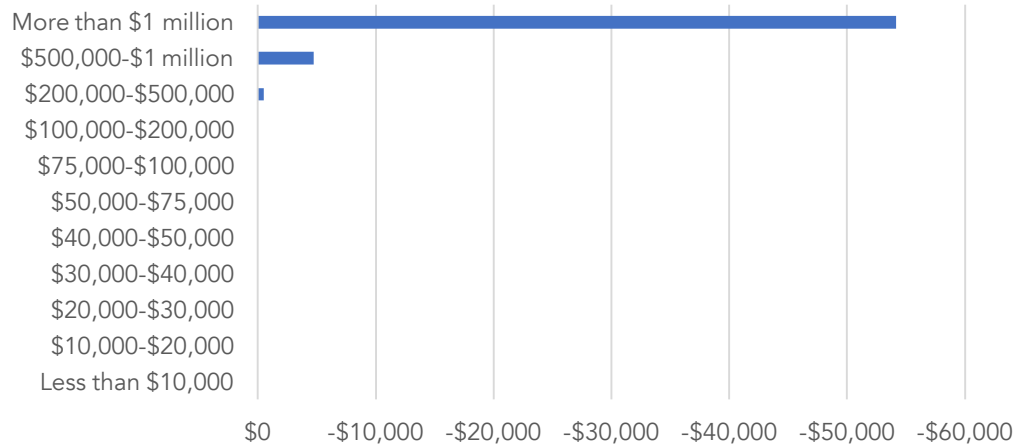
Provision	2017-2026 Cost
Repeal 3.8 percent investment income tax	\$172 billion
Repeal 0.9 percent Medicare HI surtax	\$59 billion
Repeal health insurer tax and repeal limit on deductions for health insurance executives	\$145 billion
Repeal tax on prescription drug makers	\$29 billion
Repeal tax on medical device makers	\$20 billion
Other tax changes	\$237 billion
Total	\$662 billion

SOURCE: [Congressional Budget Office](#)

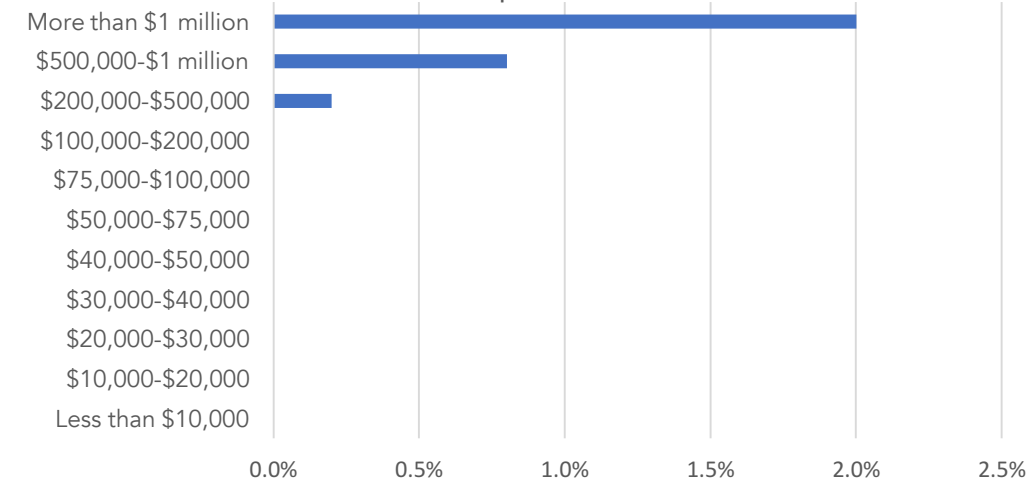
Ultimately, the AHCA tax cut provisions would transfer a significant portion of \$231 billion in public-health spending to the wealthiest Americans, as middle-income families are not affected by the NIIT and HI provisions. [According to the Tax Policy Center \(TPC\)](#), “[AHCA’s tax changes] go almost entirely to the highest earning households, while providing little or no benefit to the bottom 80 percent of the income distribution.” In fact, [TPC estimates](#) that a \$37,000 average annual tax cut will go to the 1 percent of the population with the highest earnings (annual income of over \$772,000). The top 0.1 percent of the income distribution would receive an annual tax cut of over \$200,000 (annual income over \$3.9 million).

Eliminating Two Affordable Care Act Medicare Taxes Only Helps High-Income Filers

Average Federal Tax Cut by Income Group, 2025



Percent Increase in After-Tax Income by Income Group, 2025



Note: Includes repeal of the 0.9 percent Medicare Hospital Insurance tax on earned income and 3.8 percent net investment income tax on income from wealth for individuals with income above \$200,000 (\$250,000 for couples).

Source: Tax Policy Center Tables T16-0303 and T16-0311 ([CBPP.org](https://www.cbpp.org))

SOURCE: Tax Policy Center ([Table 1](#) and [Table 2](#))

TPC [also estimates](#) that millionaires would reap the rewards of 79 percent of the tax cuts from repealing these provisions in 2025, and the Center on Budget and Policy Priorities (CBPP) [further estimates](#) that “the 400 highest-income taxpayers would get annual tax cuts averaging about \$7 million each.”

American Health Care Act: Impact on Nevada

Nevada has seen significant gains in health insurance coverage since the ACA was signed into law, with 294,000 Nevadans gaining coverage since 2010. Nevada was one of 32 states, including Washington, D.C., to expand Medicaid, and did so in 2014. The uninsured rate in Nevada has dropped considerably since 2010, from [22.6 percent to 12.3 percent](#) as of December 2016.

Nevada’s greatest gain under the ACA is the considerable decline in the rate of uninsured children – the largest decline in the country. In 2013, 14.9 percent of Nevada’s children were uninsured. In 2015, that number was down to [7.6 percent](#), a drop of 7.3 percentage points.

If the AHCA is forced through the Senate and becomes law, [138,100 fewer Nevadans would have health insurance by 2026](#), reversing the progress that has been made across the state. 81,100 fewer Nevadans would have Medicaid coverage; 26,700 would have employer-sponsored coverage; and 30,300 fewer Nevadans would have coverage from the individual market.

And nearly all of the money taken from Medicaid and from tax credits that help families afford health insurance will be given to wealthy Americans and health care companies in the form of tax cuts.

Sheldon Adelson’s Political Giving: High Return On Investment

Sheldon Adelson has a history of strongly supporting Republican candidates for office. Even before the *Citizens United* case was decided, allowing limitless contributions from corporations, Adelson was one of the top political contributors in the country.

In 2012, Sheldon Adelson became the largest political contributor overall, contributing [\\$92,796,625](#) to outside spending groups and [\\$352,800](#) directly to candidates and candidate committees, bringing his total personal contributions to [\\$93,149,425](#). According to the Center for Responsive Politics, 100 percent of that money went to conservative candidates. In 2016, Adelson and his wife were the second largest political donors in the country, contributing [\\$77.9 million](#) to outside spending groups and [\\$4,617,400](#) in donations directly to candidates – totaling over \$82 million – again giving it all to Republicans.

The \$93 million that Adelson contributed in 2012 was not his only political giving. Adelson has other avenues through which to give – the largest being his business, Las Vegas Sands Corp (LVS). In 2012, LVS – of which he owns a controlling share – was the biggest organizational contributor overall, with contributions totaling [\\$52,850,975](#). The second largest organizational giver was the Adelson Drug Clinic, a drug clinic founded and operated by Adelson’s wife, Miriam Adelson. It gave [\\$42,118,700](#), all to Republican candidates. In all, contributions from Adelson-controlled businesses in 2012 equaled \$95 million. In 2016, LVS contributed a total of [\\$44,205,066](#) and the Adelson Drug Clinic spent [\\$38,671,200](#), totaling \$82.9 million.

When it comes to Dean Heller’s 2012 bid for the Senate, Adelson supported his run in a variety of ways. Heller raised [\\$9,417,811](#) in 2012. LVS contributed [\\$48,750](#) to his candidacy, making the casino the largest contributor to his campaign committee. It also gave [\\$17,300](#) to his leadership PAC, bringing the total direct contributions from Adelson to Heller to \$66,050.

But Adelson did not stop at direct contributions. According to the Washington Post, Adelson gave upwards of [\\$23 million to Karl Rove’s “SuperPAC,” American Crossroads](#), and its affiliated 501(c)(4) group, Crossroads GPS, in 2012. That organization in turn spent just over [\\$7 million](#) on TV ads and other media placements opposing Heller’s rival, former Rep. Shelley Berkley. Adelson also contributed to Ending Spending Action Fund, giving a reported [\\$1.15 million](#) to the group, which also supported Dean Heller in his bid for the Nevada Senate seat.

Adelson has also contributed to Rep. Mark Amodei’s campaigns. In the special election to replace Dean Heller in Nevada’s 2nd District, which took place in September 2011, American Crossroads spent [\\$76,196 to support Amodei’s candidacy](#). That was the same cycle that Adelson contributed \$23 million to American Crossroads. In Amodei’s 2012 race, LVS spent [\\$14,000](#) on the race, ranking as the fifth biggest donor to Amodei’s campaign committee. Rep. Amodei voted for the AHCA when it was before him in the House.

And now Adelson’s contributions are about to pay off, bigly.

Repealing the Net Investment Income and Hospital Insurance Surtax: A \$48 Million Annual Tax Cut for Sheldon Adelson

As part of the ACA, individuals with incomes exceeding \$200,000 (and \$250,000 for couples) were required to pay a 3.8 percent Net Investment Income Tax (NIIT) on net investment income. That income includes: dividends, interest, capital gains, and certain other forms of unearned income. These forms of income flow overwhelmingly, and disproportionately, to very high-income households.

For example, according to the [Tax Policy Center](#), nearly 70 percent of all long-term capital gains income goes to the richest 1 percent of households. As a result, repeal of the NIIT only

benefits the extremely wealthy, delivering no benefit at all to middle class families. According to the [Tax Policy Center](#), “90 percent of the benefit repeal of the 3.8 percent net investment tax would go to those in the top 1 percent, who make \$700,000 or more.” No one in the bottom 80 percent of households would benefit from this tax provision’s repeal.

Sheldon Adelson is the Chairman and Chief Executive Officer of LVS, which owns casinos and resorts in the United States and Asia. Adelson and his family also own [54 percent](#) of the company. Adelson’s net worth is estimated at [\\$36 billion](#), making him one of the [20 richest people in the world](#). Adelson stands to receive a giant tax cut from the Republican health care bill.

The windfall for Adelson would come primarily from the repeal of the 3.8 percent tax on investment income. Adelson stands to receive nearly \$50 million per year from the repeal of that tax. In 2016, Adelson and his family received \$1.24 billion in dividends from LVS, and since the company [increased its dividends per share](#) for 2017, he stands to receive about \$1.26 billion in dividends this year. If the 3.8 percent tax on investment income is repealed for 2017, Adelson would receive a \$47.8 million tax cut on his dividend income. Over ten years, assuming the company steps up its annual dividend by the same percentage that it did from 2016 to 2017 (1.39 percent), Adelson would receive a tax cut of a staggering \$509 million.

Adelson would also benefit from the repeal of the 0.9 percent additional Medicare tax for high-income individuals. Repealing that tax would reduce the taxes that Adelson pays on his compensation as LVS’s Chairman and CEO by roughly [\\$79,000](#).¹

In all, Adelson stands to receive a tax cut of \$47.9 million in 2017 – [920 times the median household income in Nevada](#), which is \$52,008. Over the next ten years, he stands to receive a tax cut of \$510 million. This estimate is likely conservative, since it is based only on Adelson’s estimated income from dividends and executive compensation from LVS. The repeal of the 3.8 percent net investment income tax would give him a tax cut on income not included in this analysis, including on capital gains (for example, if he sells LVS shares) and interest.

¹ This estimate includes Adelson’s base salary, stock and option awards, and non-equity bonus pay, which total \$9.0 million; it does not include \$3.7 million in other compensation, at least some of which would not be taxable to Adelson.