

Wal-Mart Caught Scamming Billions from State Taxpayers

If you bought a house and then rented it back to yourself to save on taxes, you'd get locked up for tax evasion. But not Wal-Mart.

Wal-Mart set up a fake company based in Delaware to own hundreds of its stores.

Why would the world's largest retailer go to all that trouble?

The scam allows Wal-Mart to avoid hundreds of millions of dollars in taxes every year that should be going to states.

But this fake-company loophole is just the tip of the Wal-Mart tax dodge iceberg. Change to Win estimates that Wal-Mart may have scammed state taxpayers for more **\$2.3 billion** dollars between 1999 and 2005.

Wal-Mart CEO Lee Scott was paid more than \$18 million in 2005. That's millions more than Change to Win estimates Wal-Mart paid in state income taxes in states like **Alabama, Connecticut, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, Oklahoma, Rhode Island, Virginia, West Virginia, or Wisconsin.**

States Fight Back



HOW MUCH IS WAL-MART TAKING YOUR STATE FOR?¹

State	Tax Shortfall (1999-2005)
Arkansas	\$48.9 million
Connecticut	\$21.5 million
Florida	\$119 million
Indiana	\$57.5 million
Iowa	\$61.8 million
Kentucky	\$65.2 million
Massachusetts	\$37.8 million
Michigan	\$17.1 million
Missouri	\$72.7 million
New Jersey	\$31.3 million
New Mexico	\$28.9 million
New York	\$74 million
North Carolina	\$86.5 million
Ohio	\$105.7 million
Oklahoma	\$46.7 million
Pennsylvania	\$123.7 million
Rhode Island	\$7 million
Virginia	\$60.9 million
West Virginia	\$30.8 million
Wisconsin	\$54.4 million

¹ These figures are estimates of Wal-Mart's state income tax under published statutory state corporate income tax rates, minus an estimate of the actual state income tax paid by Wal-Mart in each state. The entries in the table are estimates based on figures reported by Wal-Mart for domestic earnings before income taxes, total state and local taxes paid minus the states' portion of reported income benefit resulting from tax deductions triggered by employee exercise of stock options, and total square footage of stores. Figures for each state represent the difference between an estimate of the taxes Wal-Mart actually paid and an estimate of what Wal-Mart would have paid without using tax loopholes. Taxes actually paid in each state are estimated by allocating total state and local taxes paid by the estimated total square footage of Wal-Mart stores within the state. Taxes that should have been paid are estimated by applying the estimated applicable tax rate to the estimated earnings before income taxes of Wal-Mart stores within the state.

- Last year, **North Carolina** collected \$30.2 million in back taxes that Wal-Mart avoided using the loophole.
- In February this year, **Connecticut** Attorney General, Richard Blumenthal, launched an investigation into Wal-Mart's tax scam.
- On March 5th, the **Maryland** Comptroller, Peter Franchot, said his office would audit Wal-Mart and others to "level the playing field for all Maryland businesses."
- On April 1st, the **New York** legislature and Governor Spitzer eliminated several tax loopholes including the Wal-Mart loophole.

If Wal-Mart Paid its share in 2005...

- **318,440 uninsured children would have health care coverage,**
- **76,936 students would be attending a four-year public university for free,**
- **21,963 elementary school students would be studying in new classrooms,**
- **11,108 new fire fighters would be protecting our communities, or**
- **9,499 additional police officers would be patrolling our streets.**

Take Action

We pay our taxes. Why shouldn't Wal-Mart? We need to make Wal-Mart pay its share and stop it from funneling hundreds of millions of tax dollars out of our states—money that should be funding schools, lowering taxes, fixing roads, supporting police and fire fighters, improving health care, and reducing tuition at state universities.

On **Tax Day, April 17th** join **WakeUpWalMart.com** and **your Local** for a day of action to close the Wal-Mart Loophole.

- Close the Wal-Mart loophole and collect back taxes.
- Change state law requiring "combined tax reporting" to stop companies like Wal-Mart from walking off with state income tax money. Twenty states already use combined reporting, including California and Texas.

- States should require companies to report exactly how much they pay each year in state taxes.

**TOGETHER WE CAN MAKE WAL-MART PAY ITS TAXES.
VISIT WWW.WAKEUPWALMART.COM
FOR MORE INFORMATION**