

Analysis Updated to Reflect Late Night August 4 Conference Committee Changes

House-Senate GOP Tax Plan Showers Benefits on Rich

The tax plan agreed to by the GOP House-Senate tax conferees would give more than two-thirds of its tax cuts to the best-off tenth of all taxpayers, according to a preliminary analysis of the agreement released by Citizens for Tax Justice.

The analysis, which includes all the major elements of the agreement, found that under the House-Senate tax plan:

- # The 60 percent of taxpayers in the middle income quintile and below would receive less than 9 percent of the total tax cuts. Their average tax reduction would be only \$157 a year.
- # The best-off tenth of all taxpayers would receive 68 percent of the tax reductions, and get an average annual tax cut of \$7,520.
- # The best-off one percent of taxpayers —those making more than \$301,000 — would get an average tax reduction of almost \$46,000 a year.

“The conferees have taken two terrible tax bills and produced one equally terrible,” said Citizens for Tax Justice director Robert S. McIntyre. “These bills spend so-called ‘surplus’ money that is unlikely to ever materialize primarily to benefit the nation’s wealthiest people. The rest of us who will eventually have to pay for this irresponsible behavior should be outraged.”

Analyses of the previous House and Senate tax plans can be found at www.ctj.org.

The 1999 GOP Tax Plan

(As approved by the House-Senate Conference Committee)

PRELIMINARY (Updated to Reflect Late-Night August 4 Changes)

Income Group	Income Range	Average Income	Average Tax Cut	% of Total Tax Cut
Lowest 20%	Less than \$13,300	\$ 8,400	\$ -25	0.4%
Second 20%	\$13,300–23,800	18,300	-136	2.5%
Middle 20%	\$23,800–38,200	30,300	-311	5.6%
Fourth 20%	\$38,200–62,800	49,100	-567	10.3%
Next 15%	\$62,800–124,000	83,600	-1,733	23.5%
Next 4%	\$124,000–301,000	173,000	-4,476	16.2%
Top 1%	\$301,000 or more	837,000	-45,835	41.4%
ALL		\$ 48,700	\$ -1,096	100.0%
ADDENDUM				
Bottom 60%	Less than \$38,200	\$ 19,000	\$ -157	8.5%
Top 10%	\$89,000 or more	204,000	-7,520	68.1%

Note: Estimates include the effects of (1) cutting all income tax rates by one percentage point; (2) raising the starting point for the 28% tax bracket for couples; (3) capital gains tax cuts; (4) raising the standard deduction for couples to double the single amount; (5) a small increase in the Earned Income Tax Credit; (6) increases in the dependent care credit; (7) increasing the annual IRA contribution limit to \$5,000, raising income limits for Roth IRAs and various other retirement savings changes; (8) allowing deductions for health insurance premiums for those with no employer plan; (9) elimination of the individual Alternative Minimum Tax; (10) estate tax elimination; and (11) corporate tax reductions. Figures show the effects of the provisions fully phased in, at 1999 levels.

Source: Institute on Taxation and Economic Policy Tax Model. PRELIMINARY.
Citizens for Tax Justice, August 5, 1999