

99% of Alabamians Are Net Losers Under Bush Tax and Spending Policies

Last month, President George W. Bush signed into law another round of tax cuts. The latest cuts provide temporary capital gains and dividends tax cuts and AMT relief. But these tax cuts are being paid for entirely with borrowed money. The mounting national debt resulting from this borrowing binge will ultimately come out of taxpayers' pockets, either through spending cuts or future tax hikes.

A new Citizens for Tax Justice analysis takes a close look at how the Bush administration's fiscal policies through 2006 affect Alabamians. It compares the tax cuts — generally small for most families — to the gigantic debt burden imposed by these unfunded tax cuts. The analysis shows that for all but the very wealthiest Alabama residents, the Bush tax cuts between 2001 and 2006 are outweighed by a dramatic increase in the burden of debt on Alabama families. In particular:

- From 2001 to 2006, the average middle-income Alabamian has received a tax cut totaling \$1,815 per family member. But that family's share of the added national debt burden is \$8,797 per person.

Net Burden of Bush Fiscal Policies on Middle 20% of Alabamians 2001-2006	
Average Tax Break	\$ -1,815
Average Added Debt	+8,797
Per Person Net Debt	\$ 6,982

- This means that the net impact of the Bush fiscal policies on the middle 20 percent is an added burden of \$6,982 per Alabamian—or \$27,927 for a family of four.

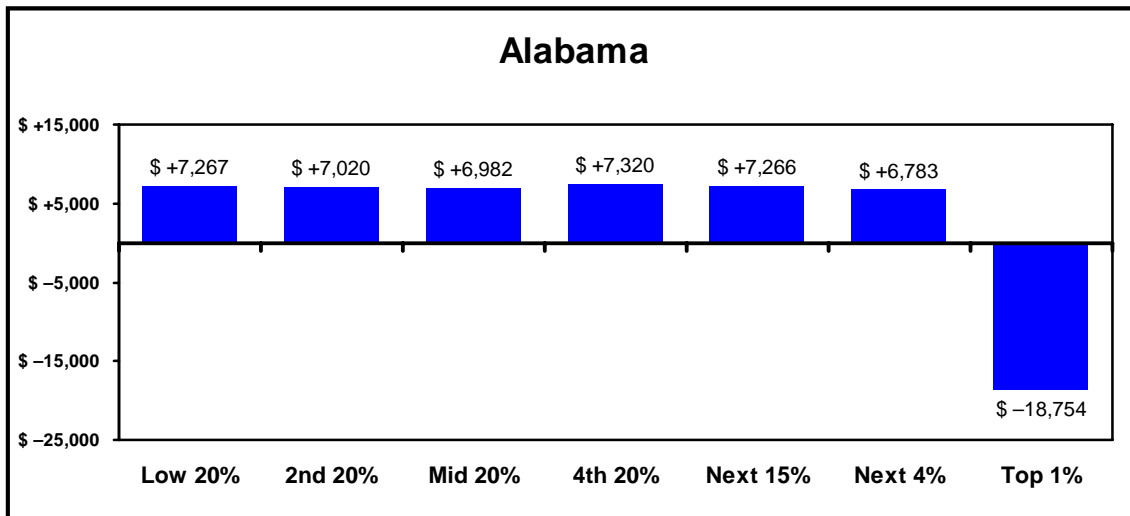
Alabama's Wealthiest Residents Benefit Most From Bush Borrow-and-Spend Policies

The benefits and burdens of the Bush fiscal policies will not be felt equally by all. Because the benefits of the Bush tax cuts in Alabama have gone primarily to the wealthiest one percent of Alabamians, this small group still comes out ahead even after the added debt burden is factored in. But the other 99 percent of Alabama families are net losers from the Bush administration's fiscal policies—leaving this group to pick up the tab for a redistribution of income towards the wealthiest few.

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- For the wealthiest one percent of Alabama residents, who have an average income of \$825,000, the tax breaks outweigh the added debt burden accumulated from 2001 through 2006 by an average of \$18,754 per family member. They have received an average tax break of \$54,132 per family member, which exceeds their added debt burden of \$35,378 per person by \$18,754.
- In contrast, the added debt burden accumulated from 2001 through 2006 outweighs the tax breaks for the other 99 percent of Alabama residents by an average of \$7,209 per person. They have received a tax break of \$2,184, but their added debt burden is \$9,393 per person.
- Put another way, if you're among the 99 percent of Alabamians who lose, then for every \$1.00 in tax cuts the federal government has given you over the past six years, you're going to get a bill for \$4.30.

Net Added Burden Under Bush Policies 2001-2006



Average Tax Cuts, Share of Tax Cuts, Added Debt and Net Added Debt by Income Group in Alabama 2001-2006

Income Group & Average Income	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
	\$9,600	\$19,500	\$32,200	\$54,900	\$92,000	\$177,800	\$825,000
Average Tax Cut	\$-162	\$-1,058	\$-1,815	\$-2,240	\$-3,642	\$-7,613	\$-54,132
Average Added Debt	+7,429	+8,078	+8,797	+9,561	+10,908	+14,396	+35,378
Average Net Added Debt	\$7,267	\$7,020	\$6,982	\$7,320	\$7,266	\$6,783	\$-18,754