

99% of Californians 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 Californians. 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 California residents, the Bush tax cuts between 2001 and 2006 are outweighed by a dramatic increase in the burden of debt on California families. In particular:

- From 2001 to 2006, the average middle-income Californian has received a tax cut totaling \$1,819 per family member. But that family's share of the added national debt burden is \$9,522 per person.

Net Burden of Bush Fiscal Policies on Middle 20% of Californians 2001-2006	
Average Tax Break	\$ -1,819
Average Added Debt	+9,522
Per Person Net Debt	\$ 7,703

- This means that the net impact of the Bush fiscal policies on the middle 20 percent is an added burden of \$7,703 per Californian—or \$30,812 for a family of four.

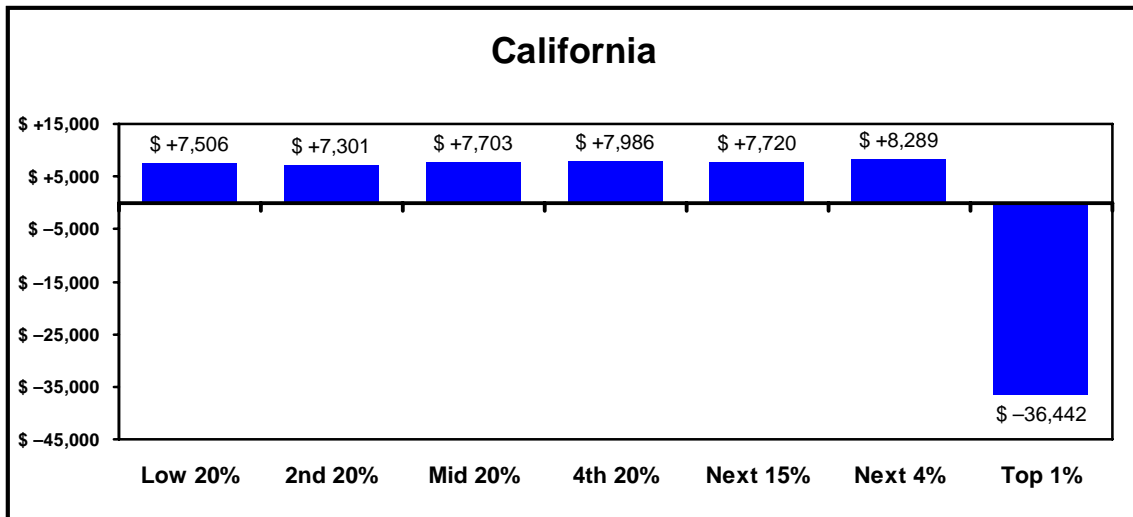
California's Wealthiest Residents Benefit Most From Bush Borrow-and-Spend Policies

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 California have gone primarily to the wealthiest one percent of Californians, this small group still comes out ahead even after the added debt burden is factored in. But the other 99 percent of California 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 California residents, who have an average income of \$1,721,600, the tax breaks outweigh the added debt burden accumulated from 2001 through 2006 by an average of \$36,442 per family member. They have received an average tax break of \$107,066 per family member, which exceeds their added debt burden of \$70,624 per person by \$36,442.
- In contrast, the added debt burden accumulated from 2001 through 2006 outweighs the tax breaks for the other 99 percent of California residents by an average of \$7,758 per person. They have received a tax break of \$2,635, but their added debt burden is \$10,393 per person.
- Put another way, if you're among the 99 percent of Californians 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 \$3.94.

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 California 2001-2006

Income Group & Average Income	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
	\$12,200	\$26,200	\$42,600	\$68,500	\$122,300	\$267,400	\$1,721,600
Average Tax Cut	\$-396	\$-1,333	\$-1,819	\$-2,768	\$-4,869	\$-9,587	\$-107,066
Average Added Debt	+7,903	+8,635	+9,522	+10,754	+12,589	+17,877	+70,624
Average Net Added Debt	\$7,506	\$7,301	\$7,703	\$7,986	\$7,720	\$8,289	\$-36,442