

## Bush Dividend Tax Cut Worthless to Most Seniors

An editorial in the March 13, 2003 *Wall Street Journal* repeats the Bush administration's claim that the President's proposal to eliminate taxes on dividends would be a bonanza for the elderly. That's not true.

The administration and the *Journal* get only one, irrelevant statistic right: almost half of taxable dividends are received by seniors. But there are a number of other, more telling facts that the administration and the *Journal* choose to ignore. To wit:

- Three-quarters of the elderly would get absolutely nothing from Bush's proposed dividend tax exemption. That's because only one in four seniors receives even a dollar in taxable dividends.
- For the 70 percent of elderly taxpayers with incomes below \$50,000, the average dividend tax cut would be only \$44.
- Most of the taxes on dividends paid by the elderly are paid by the richest 2.7 percent of elderly taxpayers, those with incomes in excess of \$200,000.

So do seniors "have a special stake" in Bush's dividend tax exemption, as the *Journal* asserts? Only if they're rich. The vast majority of seniors would be better off with almost any other use of the \$396 billion that the dividend exemption would cost over the next ten years.

### Taxable Dividends & the Elderly in 2003

Income range	# of elderly (mill)	% of elderly	Taxable Dividends		Tax on div \$-bill	% with tax on div	Ave div tax paid
			# w/ (mill)	\$-bill			
< \$50K	16.8	70.1%	2.3	\$ 6.8	\$ 0.7	13.9%	\$ 44
\$50-100K	4.8	20.2%	2.3	11.4	2.6	48.3%	545
\$100-200K	1.6	6.5%	1.2	12.1	3.1	75.8%	1,986
\$200K+	0.7	2.7%	0.6	26.5	8.1	87.7%	12,382
	<b>24.0</b>	<b>100.0%</b>	<b>6.4</b>	<b>\$ 56.8</b>	<b>\$ 14.6</b>	<b>26.8%</b>	<b>\$ 610</b>
<b>Elderly / All Units</b>		17.8%		26.2%	48.1%	46.7%	

Source: Institute on Taxation and Economic Policy Tax Model, February 2003.