

## CTJ Issue Brief: The Bush Tax Cuts in Oregon

In his first three years, President George W. Bush has presided over three rounds of major tax cuts, including special tax breaks for capital gains and dividends, reductions in personal income tax rates, estate tax repeal and an array of corporate tax loopholes. This issue brief summarizes the findings of several previously released CTJ analyses of the Bush tax cuts, focusing on their impact on Oregonians at different income levels and on how Oregon residents are affected by the ballooning federal debt.

### Oregon's Wealthiest Residents Benefit Most From Bush Tax Cuts

The Bush tax cuts that have taken effect so far are heavily tilted toward the very wealthiest taxpayers—and the tax cuts will become even more regressive in the future. The following table shows the impact of the Bush tax cuts on Oregonians in each year from 2001 to 2006.

- In 2003, the top one percent of Oregonians, with average incomes of \$710,000, get 22.4 percent of the Bush tax cuts that go to Oregonians, with an average tax cut of \$36,500. By 2006, this group will get 29.2 percent of the tax cuts.
- In contrast, the poorest sixty percent of Oregon residents, with average incomes of \$22,000, collectively get only 16.8 percent of the Bush tax cuts in 2003.
- The poorest twenty percent of Oregonians, with an average income of \$10,000, get an average of \$106 from the Bush tax cuts in 2003. This is only 1.3 percent of the total tax cuts for Oregonians.
- The average tax cut for the middle twenty percent of Oregonians in 2003 is \$844. That falls to \$556 in 2006.

Impact of the Bush tax cuts enacted so far on Oregonians, 2001-2006

Calendar years	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006	
<b>Oregon Income Group</b>	<b>Ave tax cut</b>	<b>Ave tax cut</b>	<b>Ave tax cut</b>	<b>Ave tax cut</b>	<b>Ave tax cut</b>	<b>Ave tax cut</b>	<b>% of tax cut</b>	<b>% of tax cut</b>	<b>% of tax cut</b>	<b>% of tax cut</b>	<b>% of tax cut</b>	<b>% of tax cut</b>	
Lowest 20%	\$ 10,000	\$ -57	\$ -96	\$ -106	\$ -112	\$ -77	\$ -78	2.7%	2.0%	1.3%	1.3%	1.5%	1.6%
Second 20%	\$ 21,000	-232	-332	-419	-440	-318	-320	11.1%	6.9%	5.1%	5.1%	6.2%	6.5%
Middle 20%	\$ 34,000	-376	-560	-844	-884	-544	-556	18.1%	11.6%	10.3%	10.0%	10.5%	11.1%
Fourth 20%	\$ 56,000	-588	-912	-1,506	-1,579	-928	-939	28.3%	19.0%	18.5%	18.1%	18.2%	19.2%
Next 15%	\$ 91,000	-705	-1,520	-2,963	-3,168	-1,791	-1,525	25.4%	23.7%	27.2%	27.2%	26.1%	23.1%
Next 4%	\$ 177,000	-911	-3,159	-6,127	-6,543	-3,184	-2,332	8.8%	13.1%	15.0%	15.0%	12.4%	9.4%
Top 1%	\$ 710,000	-2,345	-22,765	-36,500	-40,834	-25,792	-28,972	5.6%	23.6%	22.4%	23.4%	25.1%	29.2%
<b>ALL</b>	<b>\$ 51,000</b>	<b>\$ -413</b>	<b>\$ -954</b>	<b>\$ -1,617</b>	<b>\$ -1,736</b>	<b>\$ -1,020</b>	<b>\$ -984</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>ADDENDUM:</b>													
Poorest 60%	\$ 22,000	\$ -222	\$ -329	\$ -457	\$ -479	\$ -313	\$ -318	31.9%	20.5%	16.8%	16.4%	18.2%	19.1%
Top 20%	\$ 139,000	\$ -828	\$ -2,911	\$ -5,276	\$ -5,728	\$ -3,270	\$ -3,060	39.8%	60.5%	64.7%	65.5%	63.6%	61.7%

## Increased Debt More than Offsets the Impact of the Bush Tax Cuts

While the three Bush tax cuts enacted so far are targeted to the wealthy, the explosion in federal debt that accompanies the tax cuts will fall on the backs of all Oregonians. When the added debt burden and the tax reductions are netted together, the Bush tax cuts are even more clearly a bad deal for Oregonians at all but the top income levels:

### Net Burden of Bush Fiscal Policies 2001-2006, Oregon Taxpayers

Total	\$33.7 Billion
Per Person	\$ 9,568
Per Family of Four	\$ 38,272

- Between 2001 and 2006, Oregonians will receive \$11.2 billion in tax cuts—but will face \$44.9 billion in added federal debt, for a net added burden of \$33.7 billion.
- This means that the net impact of the Bush fiscal policies so far is an added burden of \$9,568 per Oregon resident—or \$38,272 for an Oregon family of four.
- For the middle 20 percent of Oregon taxpayers, the net burden of Bush’s tax and budget policies will average \$20,693 over the six-year period.

### The Bush Debt Buildup versus Tax Cuts: Six-Year Totals by State

Calendar years	2001	2002	2003	2004	2005	2006	01-06 total
<b>Impact on All Oregonians (\$Billions)</b>							
Total Tax Cuts	\$ 0.7	\$ 1.6	\$ 2.7	\$ 2.9	\$ 1.7	\$ 1.7	\$ 11.2
Added Debt	4.5	6.7	8.5	8.1	8.1	8.9	44.9
<b>Net Added Burdens</b>	<b>\$ 3.9</b>	<b>\$ 5.1</b>	<b>\$ 5.8</b>	<b>\$ 5.2</b>	<b>\$ 6.4</b>	<b>\$ 7.2</b>	<b>\$ 33.7</b>
<b>Average Impact on Middle 20% of Oregonians</b>							
Average tax cuts	\$ -376	\$ -560	\$ -844	\$ -884	\$ -544	\$ -556	\$ -3,765
Average added debt	\$ +2,544	\$ +3,718	\$ +4,659	\$ +4,402	\$ +4,382	\$ +4,753	\$ +24,458
<b>Average net added burden</b>	<b>\$ +2,168</b>	<b>\$ +3,157</b>	<b>\$ +3,814</b>	<b>\$ +3,518</b>	<b>\$ +3,838</b>	<b>\$ +4,198</b>	<b>\$ +20,693</b>

### Most Taxpayers Receive Less than \$100 from the 2003 Tax Cuts

President Bush describes his 2003 round of tax cuts as “on average, a tax cut of \$1,126” a year. This statistic is misleading, since most Oregonians get far less than this “average.” In fact, many Oregonians get less than \$100 from the 2003 Bush tax cuts in 2003—and most will get less than \$100 a year after 2004.

- In 2003, 51 percent of Oregonians will get less than \$100 from the 2003 tax bill.
- By 2006, 1.5 million Oregon taxpayers—86 percent of all state residents—will receive less than \$100 in tax cuts as a result of the latest Bush tax cut.

Oregon Taxpayers Getting \$100 or Less from the Bush 2003 Tax Cut Program, 2003-2006							
<\$100 in 2003		<\$100 in 2004		<\$100 in 2005		<\$100 in 2006	
#-000	% of TPs	#-000	% of TPs	#-000	% of TPs	#-000	% of TPs
845	51%	822	49%	1,273	76%	1,458	86%

## Child Credit Expansion Bypasses Many Oregon Families

One of the mostly highly touted provisions of the 2003 Bush tax cut, the temporary increase in the per-child tax credit to \$1,000, actually provides no benefit for many Oregon families with children. In particular:

**How the \$1,000 Child Credit Affects Oregon Families with Children Under 17 in 2003**

# of Families Not Helped	90,545
% of Families Not Helped	21%
# of Kids Not Helped	167,187

- More than 91,000 Oregon families—with 167,000 children under 17—will get zero benefit from the 2003 boost in the child credit.
- These families represent 21 percent of Oregon families with children under 17 (excluding the small number of families ineligible for the child credit because their incomes are too high).

### **CTJ Fifty-State Analyses of the Bush Tax Cut on the Internet: Where to Find Them**

Distributional Impact of the 2003 Tax Cuts by State: [www.ctj.org/html/gwb03st.htm](http://www.ctj.org/html/gwb03st.htm) .

Net Impact of Added Debt and Tax Cuts, First Three Bush Tax Cuts: [www.ctj.org/pdf/debt0903.pdf](http://www.ctj.org/pdf/debt0903.pdf) .

Taxpayers Receiving Less than \$100 from 2003 cuts: [www.ctj.org/pdf/2003statecut.pdf](http://www.ctj.org/pdf/2003statecut.pdf) .

Child Credit Expansion Bypasses Many Families: [www.ctj.org/pdf/2003statekid.pdf](http://www.ctj.org/pdf/2003statekid.pdf) .