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New Analysis Finds GOP Approach to Bush Tax Cuts Would Give Richest 1% of Wisconsinites \$38,380 Per Year More and Poorest 20% \$130 Less on Average than Obama's Approach

GOP Plan Would Also Add \$1 Trillion More to National Debt than President's Plan

Federal tax cuts enacted in 2001 and 2003 are scheduled to expire at the end of 2012, and lawmakers must decide how much of that tax cutting the nation can afford to continue, and how the extended tax cuts will be distributed.

Competing plans have been offered by President Obama and Congressional Republicans, and both proposals would extend most of the so-called "Bush tax cuts." Although wealthy taxpayers are the primary beneficiaries of either plan, a new analysis released today by the Institute on Taxation and Economic Policy (ITEP) and Citizens for Tax Justice (CTJ) finds that the GOP plan would give high-income Wisconsinites a much larger share of tax cuts than the President's proposal, and would add \$1 trillion more to the national debt over the next ten years.

The analysis reveals that middle-income and low-income Wisconsinites would pay slightly less in taxes under President Obama's approach than under the GOP plan, while high-income Wisconsinites would pay far less under the Republican approach.

"Allowing middle- and lower-income taxpayers to get more of the benefit of the new tax cut plan is not only more equitable, it's also a much more effective way of reviving the sluggish economy," said Jon Peacock, director of the Wisconsin Budget Project. "Less affluent taxpayers are far more likely than the rich to spend the money locally and help revive Wisconsin's economy."

Under President Obama's plan, the poorest 20 percent of Wisconsin residents would receive an average tax cut of \$280 in 2013, while the richest one percent would get an average tax cut of \$18,410. Under the Congressional Republicans' approach, the poorest 20 percent of Wisconsinites would receive an average tax cut of \$150 next year, while the richest one percent would receive an average cut of \$56,790.

The study also finds that in 2013 the poorest 20 percent of Wisconsin residents would get 2 percent of the reduced taxes under the Republican plan, and the middle 20 percent of Wisconsinites would get 8 percent of the benefit, while 28 percent of the tax reduction would go to the richest one percent. Under President Obama's approach, three percent would go to the poorest 20 percent, ten percent would go to the middle 20 percent, and 11 percent would go to the richest 1 percent.

"Both President Obama and Congressional Republicans have proposed to extend far too many of these unaffordable tax cuts," said Robert S. McIntyre, director of Citizens for Tax Justice. "But if we have to choose between the Congressional Republicans' approach and President Obama's, the President's proposal is fairer and more responsible."

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The term “Bush tax cuts” refers to income tax cuts and estate tax cuts enacted in 2001 and 2003 and extended several times since then. In 2009, President Obama expanded some parts of these tax cuts that benefit low-income and working families. In December of 2010, the President and Congress agreed to extend all of these tax cuts through the end of 2012.

The Republicans in Congress have indicated that they would extend all of the tax cuts first enacted in 2001 and 2003, but not the 2009 expansions for lower income families. President Obama wants to extend the 2001 and 2003 tax cuts only for the first \$250,000 a married couple makes annually, or the first \$200,000 a single person makes. Obama also wants to extend the 2009 expansions.

The full report, available at www.ctj.org/bushtaxcuts2012.php, shows the specific distribution of the benefits and amounts of tax cuts from the two different approaches in each of the 50 states and the District of Columbia, as well as nationally. For the report’s analysis specific to Wisconsin, go to www.ctj.org/bushtaxcuts2012/wi.pdf.

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Citizens for Tax Justice (CTJ), founded in 1979, is a 501 (c)(4) public interest research and advocacy organization focusing on federal, state and local tax policies and their impact upon our nation (www.ctj.org).

Founded in 1980, the Institute on Taxation and Economic Policy (ITEP) is a 501 (c)(3) non-profit, non-partisan research organization based in Washington, DC that focuses on federal and state tax policy. ITEP's mission is to inform policymakers and the public of the effects of current and proposed tax policies on tax fairness, government budgets, and sound economic policy (www.itepnet.org).

The Wisconsin Budget Project, an initiative of the Wisconsin Council on Children and Families, engages in analysis and education on state budget and tax issues, particularly those relating to low- and moderate-income families, with the goal of broadening the debate and encouraging civic engagement on these issues.