



PRESS STATEMENT  
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## GOP Tax bill redistributes wealth upward

The Republican tax plan delivers enormous tax cuts to the wealthiest Ohioans while raising taxes for some middle-class families and dramatically growing the deficit. By 2027, cuts for the wealthiest one percent of Ohioans will be more than \$55,000 a year. The bill opens a \$1.5 trillion hole in the federal deficit and will create pressure to cut investments in programs that help everyday Americans get ahead, like health care, education, infrastructure and scientific research.

A new [study](#) by the Institute on Taxation and Economic Policy (ITEP) finds that in 2018, the top one percent of taxpayers will pocket 27 percent of the total tax cut. By 2027, they'll take in 40 percent. The bottom 60 percent of taxpayers, on the other hand, get just 14 percent of the total cut in 2027 and some middle-income taxpayers will pay more.

In Ohio, the GOP tax plan would give the richest one percent an average tax cut of \$38,870 in 2018, growing to \$55,560 by 2027. The middle 20 percent of Ohio taxpayers, would see their 2018 tax cut of \$760, on average, in 2018 fall to \$550 in 2027.

"This bill slashes taxes for those who benefit most from our economy, adding to the deficit," said Wendy Patton, Senior Project Director of Policy Matters Ohio. "That's the last thing our economy needs."

Some of the provisions in the House bill that benefit the middle-class — like lower tax rates and fewer brackets, an increased standard deduction, and a \$300 tax credit for each adult in a household — expire or become less generous over time. Some of the provisions that benefit the wealthy, such as the reduction and eventual repeal of the estate tax, become more generous.

The GOP tax plan would increase the federal deficit by more than \$1.5 trillion over the next decade. This will create pressure to slash funding for federal programs working families depend on. In their budget blueprints, President Trump and the House Republicans called for cuts to Medicaid, the largest single insurer in Ohio, which covers more than 3 million Ohioans; food aid for struggling families; infrastructure funding, and more. The modest benefit of the initial tax cut could be wiped out by loss of critical public services for many working families.

Some households will pay more under the GOP plan, especially toward the end of the next decade. Taxes will go up for more than 10 percent of upper income groups in 2018 and by 2027 they'll rise for more than 20 percent of households in the 60<sup>th</sup> to the 99<sup>th</sup> percentile of earners. The richest 1 percent fare much better.

"Shrinking benefits and looming loss of important programs makes the new GOP tax plan work against Ohio families," Patton said. "Most people value what will be sacrificed to pay for these huge tax cuts for the very rich: Medical research to cure diseases, funding for roads, bridges and

clean water, financial aid for college students and health care for the elderly, people with disabilities and families of low and modest income.”

**Table 1**  
**Impacts of the House Tax Plan in 2018 in Ohio**

Income Group	Income			Average Income	Tot. Change (\$1000s)	All Taxpayers			Taxpayers w/ Tax Cut		Taxpayers w/ Tax Hike	
	Income Range					Avg. Tax Change \$	Change as a % of Pre-Tax Income	Share of Tax Change	Share w/ Tax Cut	Avg. Cut \$	Share w/ Tax Hike	Avg. Hike \$
Poorest 20%	Less than	\$22,970	\$13,200	-\$120,600	-\$110	-0.8%	1%	43%	\$ -250	0%	\$+280	
Second 20%	\$22,970 to	\$39,250	\$31,100	-\$360,300	-\$310	-1.0%	4%	77%	\$ -440	6%	\$+460	
Middle 20%	\$39,250 to	\$60,300	\$49,100	-\$871,700	-\$760	-1.5%	11%	91%	\$ -870	4%	\$+620	
Fourth 20%	\$60,300 to	\$98,430	\$76,100	-\$1,352,900	-\$1,180	-1.6%	17%	88%	\$ -1,460	11%	\$+1,030	
Next 15%	\$98,430 to	\$192,660	\$131,500	-\$2,014,500	-\$2,350	-1.8%	25%	89%	\$ -2,840	11%	\$+1,640	
Next 4%	\$192,660 to	\$495,430	\$285,800	-\$1,197,000	-\$5,180	-1.8%	15%	86%	\$ -6,230	13%	\$+1,500	
Richest 1%	\$495,430 and higher		\$1,572,700	-\$2,231,400	-\$38,870	-2.5%	27%	98%	\$ -39,820	2%	\$+3,550	
ALL			\$80,000	\$ -8,148,700	\$ -1,410	-1.8%		77%	\$ -1,910	6%	\$+1,060	
Bottom 60%	Less than	\$60,300	\$31,200	\$ -1,352,600	\$ -390	-1.3%	17%	70%	\$ -590	4%	\$+520	

Source: Institute on Taxation and Economic Policy

**Table 2**  
**Impacts of the House Tax Plan in 2027 in Ohio**

Income Group	Income			Average Income	Tot. Change (\$1000s)	All Taxpayers			Taxpayers w/ Tax Cut		Taxpayers w/ Tax Hike	
	Income Range					Avg. Tax Change \$	Change as a % of Pre-Tax Income	Share of Tax Change	Share w/ Tax Cut	Avg. Cut \$	Share w/ Tax Hike	Avg. Hike \$
Poorest 20%	Less than	\$32,410	\$18,700	-\$113,200	-\$80	-0.5%	1%	79%	-\$120	3%	\$430	
Second 20%	\$32,410 to	\$55,590	\$43,400	-\$279,800	-\$220	-0.5%	4%	75%	-\$400	15%	\$540	
Middle 20%	\$55,590 to	\$83,750	\$69,000	-\$694,000	-\$550	-0.8%	9%	80%	-\$870	16%	\$920	
Fourth 20%	\$83,750 to	\$132,850	\$105,000	-\$923,600	-\$800	-0.8%	12%	77%	-\$1,360	23%	\$1,070	
Next 15%	\$132,850 to	\$265,510	\$177,800	-\$1,614,800	-\$1,840	-1.0%	21%	76%	-\$3,030	24%	\$1,890	
Next 4%	\$265,510 to	\$658,800	\$393,800	-\$984,300	-\$4,610	-1.2%	13%	78%	-\$6,840	22%	\$3,290	
Richest 1%	\$658,800 and higher		\$2,042,000	-\$3,111,100	-\$55,560	-2.7%	40%	95%	-\$58,830	5%	\$5,240	
ALL			\$102,900	\$ -7,721,000	-\$1,230	-1.2%	100%	78%	-\$1,830	15%	\$1,200	
Bottom 60%	Less than	\$83,750	\$43,300	\$ -1,087,000	-\$280	-0.6%	14%	78%	-\$460	11%	\$710	

Source: Institute on Taxation and Economic Policy

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.*