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GOP Senate tax plan: Another giveaway to the wealthiest

On Thursday, Senate Republicans released their new tax proposal. Like the House bill, it would give hundreds of billions of dollars in tax cuts to wealthy households and major corporations at the expense of low- and middle-income families. Ultimately, many low- and middle-income families would be harmed by the plan.

White House economic advisor Gary Cohn, a former Goldman Sachs executive, admitted in a recent CNBC interview “the most excited group out there are big CEOs, about our tax plan.”

An analysis by the Center on Budget and Policy Priorities also found that the Senate plan heavily favors the wealthy and powerful. The plan includes tax reductions for income from “pass-through” businesses that would give its largest tax cuts to high-income households. It also cuts with a one-year delay the corporate tax rate from 35 to 20 percent, more than a third of which goes to the top 1 percent. The plan would slash taxes for the largest estates by \$4.4 million per couple, allowing heirs to inherit millions without paying anything. The Senate proposal also cuts taxes for a couple with income of \$10 million by \$99,000.

The Senate plan’s signature “middle class” tax cut — an increase in the Child Tax Credit (CTC) — provides almost no benefit (\$75 or less) to 10 million children in low-income working families, and provides less than the full \$650 increase in the credit to about 13 million more. At the same time, it newly extends the full \$1,650 per child credit to couples with incomes between \$110,000 and \$1 million. It would also cut or eliminate the Child Tax Credit for some 1 million children in low-income immigrant families, nearly all of them “Dreamers,” increasing poverty and hardship among this group.

The proposal would add at least \$1.5 trillion to the federal deficit over 10 years. To pay for it, Republicans in Congress will almost certainly try to cut everything from nutrition assistance for struggling families to education and health care. Worse still, by completely eliminating the state and local tax deduction and forcing federal budget cuts that could shift new costs to states, the plan would put more pressure on Ohio’s budget, likely causing even more cuts to education, transportation, and other programs Ohioans count on.

Senator Portman should reject the Senate GOP tax bill. Instead of tax cuts that help those who need it least, he should work to advance policies that invest in working families while ensuring that tax cuts are paid for by closing tax loopholes or making other responsible tax changes.

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