



PRESS STATEMENT
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Latest Senate tax plan: Holiday gift for the rich and corporations, a lump of coal for the rest

The Senate Finance Committee's new federal tax plan still gives immense annual cuts to the richest 1 percent of Ohio households in the early years and meager benefits to the bottom 60 percent. By 2027, federal taxes would rise on average on the bottom 60 percent of Ohio households while the richest 1 percent would still benefit from cuts. The plan increases the budget deficit, which will drive political pressure to cut federal programs working Ohio families depend on, from health care to college aid.

A new analysis of the GOP tax plan passed by the Senate Finance Committee shows that starting in 2019, the richest 1 percent of Ohio taxpayers would get an average annual tax cut of \$34,080. The average tax cut for households in the middle would be \$710 a year and for the poorest, \$80. It gets worse for Ohio households earning middle and lower incomes over time. By 2027, the lowest-income taxpayers will get an average tax hike of \$60 a year and the middle, an average increase of \$50 a year. The richest families will still enjoy an annual tax cut averaging \$5,680.

The new study, conducted by the Institute on Taxation and Economic Policy (ITEP), explains that the latest GOP Senate tax plan would let tax cuts for individuals expire after 2025 while maintaining corporate tax cuts, which primarily benefit shareholders and top management. This explains why wealthy investors and the top 1 percent would reap immense benefit from the tax cuts in 2027, even after the individual cuts expire.

The bill contains many changes to tax law, so the actual impact on individual households varies by their circumstances. However, overall, the structure of the GOP Senate tax plan remains the same as it has been since the start: Highly inequitable and regressive, favoring the richest and corporations at the expense of middle and lower income households.

Key findings from the analysis of the revised Senate plan include:

- In 2019, the first year of the plan, the wealthiest 5 percent of taxpayers get nearly half the value of the total tax cut in Ohio, while the bottom 60 percent get just 16 percent.
- Many Ohio families will see their taxes increase as a result of the new Senate plan. In 2019, 531,000 Ohioans will get a tax hike and in 2027, 1.8 million.
- By 2027, 28 percent of the bottom 60 percent of Ohio taxpayers will pay higher federal taxes than they do now, while the top 5 percent will, on average, continue to enjoy cuts.

This version of the GOP tax plan includes elimination of the Affordable Care Act's (ACA) individual mandate to help pay for the cuts. This is expected to save the government more than \$300 billion over 10 years because it would pay subsidies for far fewer low- and moderate-

income individuals and families. The Congressional Budget Office estimates millions may lose health care as a result.

“The new bill is an holiday present for the wealthy and corporations, and for campaign donors in particular because of the damage it does to the ACA, which Congressional Republicans failed to repeal in the face of great opposition from the American people,” said Wendy Patton, Senior Project Director with Policy Matters Ohio. “The bill is very unpopular because most people recognize it for what it is: A lump of coal for hard-working Ohioans and Americans.”

Impacts of the Senate Tax Plan (Revised w/Amendments) in 2019 in Ohio														
Income					All Taxpayers (Includes ACA Individual Mandate Repeal)				Taxpayers w/ Tax Cut*			Taxpayers w/ Tax Hike*		
Income Group	Income Range			Average Income	Tot. Change (\$1000s)	Avg. Tax Change \$	% of Pre-Tax Income	Share of Tax Change	Share w/ Tax Cut	Tot. Taxpayers w/Cut	Avg. Cut \$	Share w/ Tax Hike	Tot. Taxpayers w/Hike	Avg. Hike \$
Poorest 20%	Less than		\$23,670	\$13,600	-\$92,000	-\$80	-0.6%	8%	59%	685,000	\$ -150	5%	58,000	\$+50
Second 20%	\$23,670	to	\$40,770	\$32,100	-\$410,400	-\$360	-1.1%	9%	82%	949,000	\$ -480	7%	82,700	\$+370
Middle 20%	\$40,770	to	\$62,100	\$50,600	-\$819,400	-\$710	-1.4%	10%	89%	1,030,000	\$ -860	7%	83,400	\$+660
Fourth 20%	\$62,100	to	\$101,530	\$78,300	-\$1,217,800	-\$1,050	-1.3%	15%	85%	981,000	\$ -1,440	15%	169,600	\$+1,060
Next 15%	\$101,530	to	\$197,590	\$135,100	-\$1,935,900	-\$2,240	-1.7%	23%	87%	754,000	\$ -2,800	13%	111,100	\$+1,530
Next 4%	\$197,590	to	\$507,230	\$293,000	-\$1,936,000	-\$8,300	-2.8%	23%	90%	209,000	\$ -9,500	10%	24,000	\$+2,090
Richest 1%	\$507,230	and	higher	\$1,602,700	-\$1,977,100	-\$34,080	-2.1%	24%	96%	56,000	\$ -36,470	4%	2,200	\$+23,900
ALL				\$82,200	-\$8,388,600	\$ -1,440	-1.7%		80%	4,664,000	\$ -1,920	9%	531,000	\$+1,020
Bottom 60%	Less than		\$62,100	\$32,100	\$ -1,321,800	\$ -380	-1.2%	16%	77%	2,664,000	\$ -540	6%	224,100	\$+400

Impacts of the Senate Tax Plan (Revised w/Amendments) in 2027 in Ohio														
Income					All Taxpayers (Includes ACA Individual Mandate Repeal)			Taxpayers w/ Tax Cut*			Taxpayers w/ Tax Hike*			
Income Group	Income Range			Average Income	Tot. Change (\$1000s)	Avg. Tax Change \$	% of Pre-Tax Income	Share w/ Tax Cut	Tot. Taxpayers w/Cut	Avg. Cut \$	Share w/ Tax Hike	Tot. Taxpayers w/Hike	Avg. Hike \$	
Poorest 20%	Less than		\$32,410	\$18,700	\$84,400	\$ +60	0.3%	50%	665,000	\$ -20	31%	411,500	\$+70	
Second 20%	\$32,410	to	\$55,590	\$43,400	\$94,200	\$ +70	0.2%	63%	808,000	\$ -30	25%	322,500	\$+180	
Middle 20%	\$55,590	to	\$83,750	\$69,000	\$59,100	\$ +50	0.1%	61%	768,000	\$ -60	35%	439,700	\$+80	
Fourth 20%	\$83,750	to	\$132,850	\$105,000	-\$23,800	\$ -20	-0.0%	76%	882,000	\$ -90	23%	262,300	\$+70	
Next 15%	\$132,850	to	\$265,510	\$177,800	-\$92,500	\$ -110	-0.1%	62%	544,000	\$ -190	38%	329,900	\$+70	
Next 4%	\$265,510	to	\$658,800	\$393,800	-\$155,400	\$ -730	-0.2%	94%	201,000	\$ -750	6%	12,100	\$+100	
Richest 1%	\$658,800	and	higher	\$2,042,000	-\$318,200	\$ -5,680	-0.3%	99%	55,000	\$ -5,700	1%	500	\$+510	
ALL				\$102,900	-\$350,300	\$ -60	-0.1%	63%	3,923,000	\$ -190	28%	1,778,500	\$+90	
Bottom 60%	Less than		\$83,750	\$43,300	\$+237,700	\$ +60	0.1%	57%	2,241,000	\$ -40	30%	1,173,700	\$+100	

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