GOP’s final tax plan remains a generous gift to the rich and major corporations

The final federal tax plan that Republican leaders pushed through a House-Senate joint committee last week remains what it has been all along: a huge tax cut for the very wealthiest and major corporations. New analysis by the Institute on Taxation and Economic Policy finds the top 1 percent of Ohioans, with an average annual income of about $1.6 million, will get an average tax cut of $47,510, while those in the middle, with an average income of $50,600, will get an average cut of $800. Ohio’s working poor families will get an average cut of $370. The poorest Ohio taxpayers will get an annual average tax cut of $100.

By 2027, the bottom 80 percent of Ohio taxpayers in terms of income will, on average, be paying more in tax hikes or getting negligible benefits as a result of the bill slated to be voted on this week. During this time, programs that have protected Americans from recession, job loss and personal hardship will be cut to pay for tax cuts to top earners and major corporations.

Republicans are already describing how they will pay for this lavish gift to corporations and the wealthy by slashing Medicaid, Medicare, Social Security and other programs that help families. Preliminary estimates find the plan will expand the budget deficit by $1.46 trillion, which will put federal funding for education, infrastructure, clean water, medical research and other critical programs on the chopping block as well.

Tables 1 and 2 show the impact of the final Republican tax plan in 2019, the first year it will take effect, and 2027, the final year. In Ohio, half of the total benefit in 2019 will go to the top 5 percent of taxpayers, those earning more than $197,590 a year. By 2027, the bottom 60 percent of taxpayers as a group are actually paying higher taxes, funding a far greater share of benefits for the richest 5 percent.
Income inequality is challenging economic progress in America. This tax plan makes it worse. Small compromises inserted at the last minute offer little improvement. Most economists believe that it will not boost the economy over the decade it is in effect. It will expand the budget deficit, driving political pressure to slash programs that help struggling families and build opportunity.

This tax plan is no gift to most working Ohio families.

---

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