

ISSUE ADVISORY: GOP Tax Nightmare- Billions for the Rich; Less for Everyone Else, Especially Women

November 13, 2017

Donors Demand their Big Tax Cut - The billionaires and millionaires who gave huge campaign contributions to Republican candidates are demanding their reward, and the GOP is complying with tax proposals that would help them become even richer. The lawmakers – smarting from the Democratic sweep in last Tuesday’s elections -- are committed to passing a dreadful bill, **H.R. 1 – The Tax Cuts and Jobs Act**, by Thanksgiving. The House plan is estimated to add \$1.5 trillion to the national debt over a ten year period. This is an agreed-upon maximum, but the actual impact on the federal debt could be much higher when all the bill’s gimmicks come into play.

The Republican House leadership could bring it to the House floor as soon as THURSDAY, NOV. 16. (Please call your House member ASAP to urge a vote against H.R. 1., 877-795-7862, toll free number, or 202-224-3121, Capitol Switchboard.)

Trillion-Dollar Giveaway Paid for by Middle Class and Most Vulnerable - In short, the House GOP bill is a multi-trillion dollar giveaway benefitting the very top earners and wealthy corporations – paid for by everyone else, including those most vulnerable like children in low-income families, persons with disabilities, students, persons needing access to affordable health care, seniors, folks who depend upon affordable housing, those who are hungry, low-income and disabled veterans, and many others dependent upon human needs programs. Middle-class families will also be harmed due to repeals of important tax deductions and other regressive features of the GOP tax plan.

Just Smoke and Mirrors - As usual, the legislation was prepared in secret, no hearings were held, and an expedited process to get the tax bill adopted is in store. Only a simple majority vote is required. The central message being peddled is that the Republican plan will cut taxes for nearly everyone -- a message that couldn’t be further from the truth. They are also claiming that the tax cuts will lead to massive job creation – a long-standing Republican myth as there is no evidence that cutting taxes for the wealthy results in investments leading to job creation.

So don’t believe the slick TV commercials that are now airing about how the GOP tax plan will help everyone and result in lots of new jobs. It’s all just smoke and mirrors.

Major Tax Breaks for Wealthy Corporations – The top corporate tax rate would be slashed from 35 percent to 20 percent, losing \$770 billion for the Treasury over ten years, according to the Tax Policy Center. As it turns out, many corporations pay far less due to loopholes and special breaks, and cutting the rate further means that highly profitable corporations could pay as little as 10 or 15 percent. General Electric reportedly pays eight percent on its billions in profits. Tax-dodging corporations already have \$2.6 billion in profits stashed offshore on which they owe \$750 billion, but the House tax bill would make them pay only a fraction of that total. A shocking provision relates to the slashing of the tax rate on foreign profits – encouraging corporations to send more jobs overseas. The “small” business tax cut of 39.5 percent to 25 percent is fake because it will primarily benefit wealthy business, such as Wall Street hedge fund managers, big law firms, and real estate developers like Donald Trump.

Donald Trump is an enthusiastic backer of the bill and he will financially benefit from it, even though he claims he won't. The bill eliminates the alternative minimum tax which prevents the wealthy from using excessive deductions and other breaks to sharply reduce or eliminate their tax bill. It also repeals the tax on estates worth more than the \$5.5 million.

Taking from Low and Middle-Income Earners - The House GOP tax proposal is a huge misappropriation that will further widen the nation's already huge wealth gap, shifting resources that help millions meet basic living standards. To pay for the many billions that would be lost due to these deep tax cuts, billions would be taken from the Medicare and Medicaid programs, aid to education, elimination of deductions important to middle and low-income taxpayers, and, in fact, increases over time to certain groups.

H.R. 1 is bad for everyone except the wealthiest few and big corporations, but positively terrible for women and families. To top it all off, the House GOP bill might end up adding a repeal of the individual mandate under the Affordable Care Act. This is the requirement that everyone have health insurance or pay a penalty; repeal would escalate premium costs, reduce coverage, and likely cause eventual collapse of the entire program. Repealing the individual mandate would "save" \$416 billion over a decade, but throw millions of persons off their insurance plans.

Here are just a few of the most damaging features that will disadvantage middle and low-income earners and seniors:

- The House Republican tax plan delivers a huge tax cut to the richest one percent and wealthy corporations, funded by slashing support for Medicare, Medicaid, and education and many other critical programs.
- The House GOP plan cuts the corporate tax rate from 35 percent to 20 percent, giving corporations a \$1.5 trillion tax cut.
- Their plan eliminates the \$4,000 personal exemption that every taxpayer can take for themselves, their spouse and each dependent child.
- Taxpayers would no longer be allowed to deduct most of their state and local taxes, including sales taxes, on their federal tax returns – a serious drawback for many households.
- Upper middle-income earners in high-tax states (such as New York, New Jersey, Maryland, Connecticut, Hawaii) would face tax increases as a result of the loss of being able to deduct state and local income taxes and seeing a cap placed on deductions for state and local property taxes.
- Tax filers with incomes between \$20,000 and \$40,000 would pay higher individual income taxes in 2023 and every year thereafter, as would filers with incomes between \$200,000 and \$500,000.
- The House GOP plan repeals the estate tax only paid by the super-rich, saving them \$170 billion, while cutting \$200 billion from education, job training, and human needs programs.

Here are some of the tax bill's provisions that would especially impact women and their families:

- Tax benefits for low-income children would be taken away by repealing the employer-provided child care credit, making it hard for workers to pay for child and dependent care expenses and removing an incentive for employers to help provide affordable child care.
- However, there is a proposed uptick from the current \$1,000 tax credit per child to \$1,600 that parents can deduct from their tax liability, but this helps only some families. The nonrefundable \$600 Child Tax Credit would be increased, but more than 10 million children in low-income families would be excluded.
- Taxes would be raised on women and families with serious, costly medical conditions, plus the House GOP plan would slash vital programs and services that families rely on for a basic standard of living.
- The 44 million persons paying off student debt would no longer be allowed to deduct up to \$2,500 in interest paid towards certain student loans; only under conditions of death and “total and permanent disability” could the deduction be taken. This would be harmful to persons who have a disability that keeps them from working full-time or working in jobs that pay more.
- Most appallingly, fetuses could be designated as beneficiaries for college savings accounts which are tax-advantaged, but the interjection of fetal personhood in national tax policy is problematic and is part of the GOP’s strategy to eventually overturn *Roe v. Wade*.
- The adoption tax credit amounting to \$13,750 would be eliminated, harming many middle-class families hoping to adopt children from overseas or children with special needs. Child adoption can be expensive and this provision, if adopted, will discourage parents from adopting.

To pay for the billions in tax cuts for the wealthy, funding for programs that help low and middle-income families will have to be seriously reduced in future years. That means that funding for such vital programs as SNAP (food stamps), Head Start and Early Learning programs, Pell Grants for higher education, Section 8 Housing Assistance, job training, Supplemental Security Income, environmental and consumer protections, Medicaid and community health programs, nursing homes, and many more will have to be drastically reduced.

Resources:

[National Women’s Law Center](#)

[Americans for Tax Fairness](#)

[Tax Policy Center](#)