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Contact:
Ron Deutsch, Fiscal Policy Institute
(518)469-6769

HOUSE TAX PLAN: BENEFIT FOR RICHEST 1% IN NYS GROWS OVER TIME

By 2027 Wealthiest 1% Get Average Tax Cut of \$34,000 and Poorest 20% Get \$90

A [50-state analysis of the House tax plan](#) released last week reveals that in New York State the wealthiest 1 percent of New Yorkers will receive the greatest share of the total tax cut in year one and that their share would grow through 2027. The analysis also indicates that the value of the tax cut would decline over time for every income group in New York except for the very richest.

House leadership continues to tout this tax proposal, which will increase the federal deficit by \$1.5 trillion over the next decade, as a plan to boost the middle class. But a closer examination of the bill's provisions reveals that it is laser-focused on tax cuts for the nation's highest earning households. The wealthiest New Yorkers share of New York's tax cuts would grow over time due to phase-ins of tax cuts that mostly benefit the rich and the eventual elimination or erosion in value of provisions that benefit low- and middle-income taxpayers. For example, after five years, the bill eliminates a family credit worth \$300 for each filer and non-dependents that benefits low- and middle-income families while fully repealing the estate tax in year six for the few very large estates subject to the tax.

More specifically, the 10-year outlook for the plan reveals that by 2027, **the top 1 percent of households in New York share of the tax cut would increase from 18 percent in year one to 42 percent by 2027, for an average cut of \$34,130 when fully phased in. Middle-income taxpayers' average tax cut would erode from \$650 in 2018 to \$360 in 2027 and the poorest 20 percent's average tax cut would decline from a mere \$100 in 2018 to \$90 in 2027.**

“This bill **may** cut taxes for some low- and middle-income households though it also raises taxes on some of these families and still many see no benefit at all. But let's be clear: it is still the case that it will primarily benefit the wealthy, across the nation and in New York,” **said Ron Deutsch, executive director of the Fiscal Policy Institute.** “What elected officials, whom we have sent to the nation's Capitol to represent us, are saying is just as important as what they are not saying. These tax cuts that mostly benefit top earners will add to the nation's annual deficits and come at the expense of low- and middle-income families who will likely lose more from cuts to education, health care, infrastructure and other public services than they gain from the small cuts they would receive.”

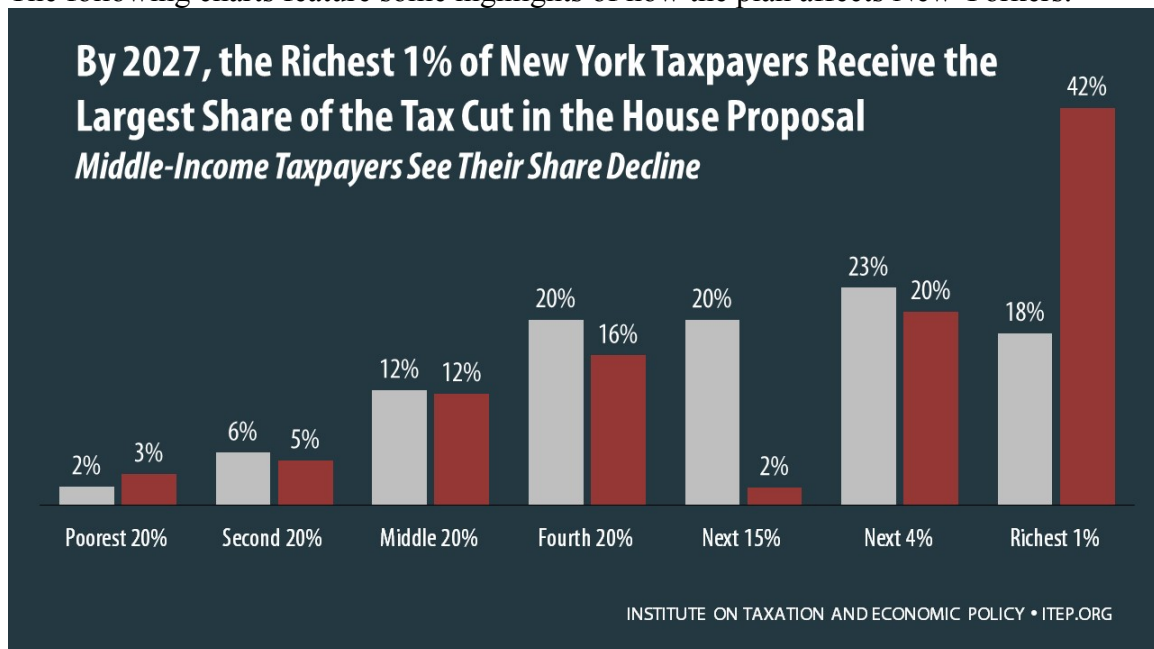
"This tax proposal would have a devastating impact on our communities. Not only would many of New York's low and middle-income households see tax increases, they would also face catastrophic cuts to the human services programs they depend on, including cuts to job training, child care and food assistance. This bill makes America greedy; taking vital resources from those who need it while creating more income inequality across the nation," **said Allison Sesso, Executive Director of the Human Services Council of New York.**

"The House Tax Plan holds the greatest promise for not reducing inequality between the wealthiest and lowest income New Yorkers, but rather exacerbating it", **said Jennifer Jones Austin, CEO of FPWA.** "Current analyses indicate the top 1% would hold onto an additional \$34,000 annually while our poorest neighbors would have an average of just \$100 more. Furthermore, the House Plan is estimated to add more than a trillion dollars to the deficit over the next decade, which legislators would likely aim to curtail with cuts in vital human services, inflicting harm to those in need."

This proposal, which increases the deficit by \$1.5 trillion over the next ten years, should be scrapped and we should put these dollars to better use. What might a better use of these funds support, \$150 billion per year would roughly equal:

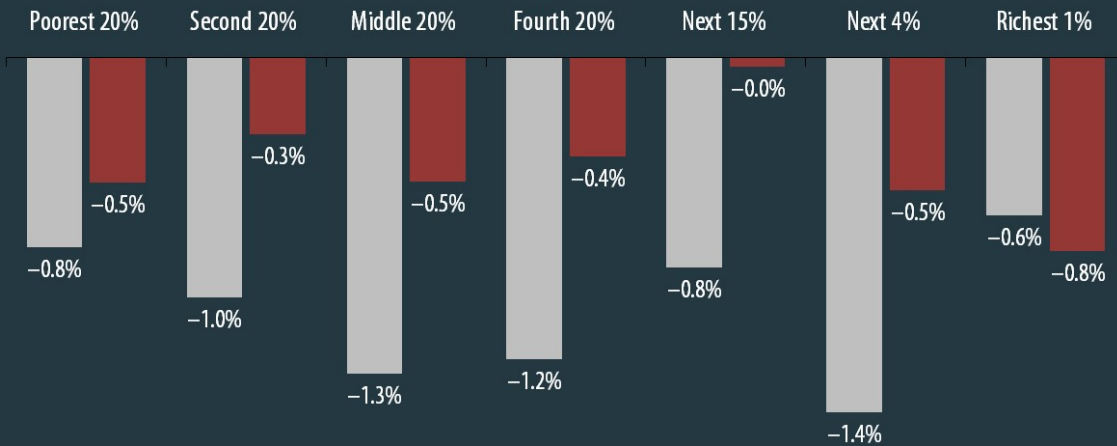
- Doubling the Pell Grant program, which provides aid to low- and moderate-income college students; AND
- Doubling cancer research at NIH; AND
- Funding the full backlog of needed maintenance at National Parks; AND
- Providing child care assistance to 6 million children; AND
- Providing opioid addiction treatment to 300,000 people; AND
- Training 3.5 million workers for in-demand jobs.

The following charts feature some highlights of how the plan affects New Yorkers.



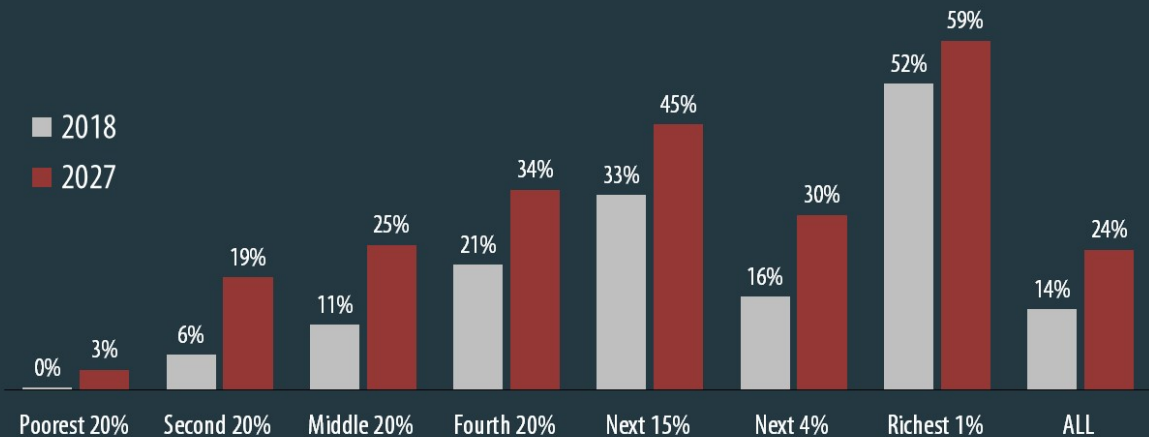
Richest 1% of New York Taxpayers Would Receive Largest Tax Cut as a Share of Income Under the House Tax Proposal in 2018 and 2027

All Other Income Groups See a Smaller Change in Taxes as Share of Income in 2027 than in 2018



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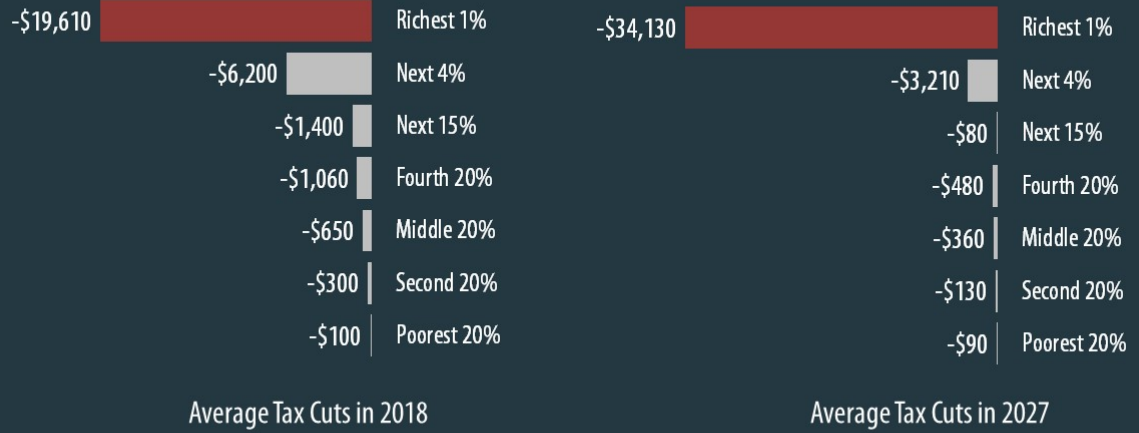
The Share of Low- and Middle-Income New York Taxpayers Seeing a Tax Hike Under the House Proposal Increases Between 2018-2027



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Average Tax Cuts to Top 1% of New York Taxpayers Dwarf Those Going to All Other Income Groups Under the House Tax Proposal in 2018 and 2027

Average Tax Cut For Every Other Income Group Decreases Between 2018-2027



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To read the entire report or get more details about New York go to <http://itep.org/housetaxplan>.

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