

Bush Tax Plan Benefits are Similar to Campaign Proposal: Skewed Toward Wealthy

On February 8, President Bush submitted a tax cut proposal to Congress that is patterned after a \$1.6 trillion ten-year tax reduction proposed by candidate Bush during the 2000 presidential campaign. (CTJ's distributional analysis of the Bush plan as proposed during the campaign is available on the CTJ website at www.ctj.org.)

Bush has claimed that under his plan, the "average" family would receive a tax cut of \$1,600. However, this claim is misleading.

Almost ninety percent of taxpayers would receive less than \$1,600 in tax cuts if the Bush plan were fully implemented in 1999.

Moreover, 27 percent of taxpayers would receive no tax cut at all under the Bush plan.

Number of Taxpayers With Little or No Income Tax Cut Under George W. Bush's Tax Plan

(Numbers of taxpayers in thousands)

Income Group	Number of tax units	Income Range	Average Income	# with No Tax Cut	%	# with Less Than \$1,600 Tax Cut	%
Lowest 20%	25,323	Less than \$13,600	\$ 8,600	18,945	74.8%	25,323	100.0%
Second 20%	25,324	\$13,600–24,400	18,800	9,341	36.9%	25,324	100.0%
Middle 20%	25,325	\$24,400–39,300	31,100	3,267	12.9%	24,906	98.3%
Fourth 20%	25,326	\$39,300–64,900	50,700	663	2.6%	23,160	91.4%
Next 15%	18,994	\$64,900–130,000	86,800	641	3.4%	11,591	61.0%
Next 4%	5,065	\$130,000–319,000	183,000	559	11.0%	2,689	53.1%
Top 1%	1,264	\$319,000 or more	915,000	144	11.4%	358	28.3%
ALL	127,585		\$ 50,800	34,526	27.1%	114,315	89.6%
ADDENDUM							
Bottom 60%	75,972	Less than \$39,300	\$ 19,500	31,553	41.5%	75,553	99.4%
Top 10%	12,660	\$92,500 or more	218,000	945	7.5%	5,432	42.9%

Source: Institute on Taxation and Economic Policy Tax Model.

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The Bush plan would treat married couples more generously than other tax filers. The typical married couple filing jointly would receive an income tax cut of \$1,028 under the Bush plan, when it is fully in place in 2006.

Bush Income Tax Cuts by Family Types

\$-billions except averages. Excludes effects of estate tax cuts and corporate tax breaks.

Figures show the effects of the Bush income tax cuts fully phased in, at 1999 levels

Income Group	Married couples filing jointly					All others (unmarried)				
	# of couples (000)	% of couples	Average Income	Bush tax cut	Average tax cut	# of taxpayers (000)	% of these taxpayers	Average Income	Bush tax cut	Average tax cut
Lowest 20%	10,871	20%	\$ 18,450	\$ 1.3	\$ 116	14,436	20%	\$ 6,580	\$ 0.2	\$ 15
Second 20%	10,868	20%	36,600	7.5	694	14,433	20%	13,200	1.7	118
Middle 20%	10,882	20%	54,200	11.2	1,028	14,429	20%	20,700	3.6	249
Fourth 20%	10,874	20%	76,400	14.0	1,289	14,444	20%	31,200	5.9	408
Next 15%	8,156	15%	123,000	15.1	1,846	10,828	15%	49,900	7.5	692
Next 4%	2,175	4%	275,000	5.5	2,542	2,888	4%	88,200	3.6	1,238
Top 1%	544	1%	1,383,000	24.3	44,757	722	1%	407,000	5.4	7,532

Source: Institute on Taxation and Economic Policy Tax Model.

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But the typical single taxpayer would get only \$249 from the Bush plan. In contrast, counting all the elements of the Bush tax program, the best off one percent of all taxpayers would get an average annual tax cut of \$46,000 (in 1999 dollars)— almost 43 percent of the total tax cut.

The analysis cited above was performed using the Institute on Taxation and Economic Policy Tax Model, a widely respected tool for analyzing the revenue and distributional effects of tax proposals. More information about the model can be found at www.ctj.org or is available on request.