



Most Taxpayers Will Get Less Than a Third of the “Average” Tax Cut Touted by President in His State of the Union Address

During his State of the Union Address on January 28, President Bush claimed that if his tax cuts are not made permanent, families everywhere will lose tax cuts worth an average of \$1,800. This statement is highly misleading.

In 2010, when all of the Bush tax cuts are finally in effect, only 16 percent of families will have income tax cuts as large as \$1,800. In other words, 84 percent of Americans will see a tax cut smaller than the “average” touted by the President.

For most people, the tax cut will actually be less than a third of that amount. **In 2010, more than half of families will have income tax cuts totaling less than \$600.**

The Bush tax cuts consist of a major income tax reduction and the gradual repeal of the estate tax. Only the first affects middle-income people in any way,¹ and even its effects are very limited for typical Americans, as these figures illustrate.

Percentage of Taxpayers in 2010 Receiving Income Tax Cuts of:

Less than \$1,800	84%
Less than \$600	51%

Of course, the Bush tax cuts provide extremely wealthy families with vast benefits. The richest one percent of families will get an average tax cut of \$92,000 in 2010, including cuts in income and estate taxes. The average income for families in the top one percent will be \$1.6 million in 2010, and yet, the President and his allies in Congress have showered the most generous tax cuts on these lucky families.

It is also misleading of the President to imply that ordinary Americans may pay higher taxes if his policies are not continued. No one in Congress or on the presidential campaign trail is talking about doing away with the Bush tax cuts for the middle-class.

For example, the Democratic presidential candidates have suggested letting the Bush tax cuts for the wealthy expire. But they also promise to extend the tax cuts for people with incomes below \$250,000, which is far more than the typical middle-income family makes. Despite the President’s attempt to scare people, middle-income families have little to fear.

¹If the estate tax legislation enacted by President Bush is not extended past 2010, only net estates of over a million dollars (\$2 million for couples) would be affected.