Statement of Robert S. McIntyre
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Before the Subcommittee on Financial Services and General Government
Of the House Appropriations Committee
Regarding the Tax Fairness & Fiscal Policy Effects of the Bush Tax Cuts
March 5, 2007

I'm Robert McIntyre, director of Citizens for Tax Justice. Founded in 1979, CTJ is a nonprofit tax policy research and advocacy group that fights for fair and adequate taxes at the federal, state and local levels. I appreciate the opportunity to appear before the Subcommittee today, to discuss the fiscal and fairness issues raised by the Bush tax cuts enacted starting in 2001, as well as the further tax cuts proposed in the President's latest budget.

When he campaigned for President in 2000, George W. Bush claimed that our federal government was so awash in cash that we could afford a huge tax cut, and at the same time, balance the regular budget, sustain federal programs and protect Social Security (by saving rather than spending the trust fund's surpluses). He also insisted that his proposed tax cuts were fair and gave their biggest benefits to "waitresses making $22,000 a year." Critics, such as myself, complained that none of these assertions were true. But nevertheless, in May of 2001 Congress rushed to pass Bush's tax cut program.

Sadly but predictably, it quickly became clear that the 2001 tax cuts had been enacted based on totally false premises about the budget. But the President and Congress refused to face reality. Instead, despite major increases in outlays for war and security, the President and Congress substantially expanded the already unaffordable tax cuts in subsequent years. The fiscal and moral consequences of these blunders are staggering.

Non-Social Security Receipts & Spending, Fiscal 2000 to Fiscal 2006

$-billions Fiscal years	On-budget Receipts	On-budget Spending	Deficit (–) or Surplus (+)	% of spending paid for with borrowing
2000	$ 1,545	$ 1,458	$ +87	*none*
2001	1,548	1,516	+32	*none*
2002	1,272	1,654	–381	**23.1%**
2003	1,265	1,794	–529	**29.5%**
2004	1,345	1,913	–568	**29.7%**
2005	1,569	2,071	–501	**24.2%**
2006	1,798	2,232	–434	**19.4%**
2002-06			**$ –2,414**	**25.0%**

Addendum: Social Security (off-budget)

	Receipts	Spending	Surplus
2000	$ 480	$ 330	$ +150
2001	508	347	+161
2002	515	357	+158
2003	524	363	+161
2004	535	380	+155
2005	577	402	+175
2006	608	422	+186
2002-06			**$ +836**

Sources U.S. Treasury Department (compiled by Citizens for Tax Justice).

From fiscal 2002 through 2006, on-budget federal deficits totaled $2.4 trillion, including $836 billion borrowed from the Social Security Trust Fund and spent on other government programs. Over those five years, an almost unbelievable 25 percent of all non-Social Security outlays were financed with borrowed money.

The largest cause of these enormous deficits has been the remarkable drop in personal income taxes, which fell from 10.1 percent of the gross domestic product in fiscal 2000 to an average of only 7.3 percent of the GDP in fiscal 2002 through 2006 — a 28 percent drop. In fact, income tax revenues have been at or near their lowest levels as a share of the GDP in 55 years.

Personal Income Taxes*

Fiscal Years	$-billion	% of GDP	Versus 2000	Rank** 1952 on
2000	$ 978.4	**10.1%**	—	1
2001	967.2	**9.6%**	–5%	2
2002	825.5	**7.9%**	–21%	26
2003	755.3	**7.0%**	–31%	**54**
2004	767.0	**6.6%**	–34%	**55**
2005	878.0	**7.1%**	–29%	**52**
2006	991.9	**7.6%**	–25%	**44**
Addendum:				
2002-06 average		**7.3%**	**–28%**	

*Personal income taxes net of refundable credits.
**55 is lowest year. (1965 was 53rd.)

Sources: Office of Management and Budget; U.S. Treasury Department; Congressional Budget Office.

A. The Bush Tax Cuts So Far

1. The cost of the tax cuts enacted so far.

Cost of the Bush Tax Cuts Enacted So Far, 2001-10
Calendar years, $-billions

	Current Law			With AMT relief extended		
	Tax Cuts	Interest	Total	Tax Cuts	Interest	Total
2001	$ –55	$ –1	**$ –56**	$ –55	$ –1	**$ –56**
2002	–125	–5	**–129**	–125	–5	**–129**
2003	–224	–12	**–236**	–224	–12	**–236**
2004	–253	–24	**–277**	–253	–24	**–277**
2005	–205	–38	**–243**	–205	–38	**–243**
2006	–216	–49	**–265**	–216	–49	**–265**
2007	–180	–61	**–241**	–227	–62	**–289**
2008	–189	–72	**–262**	–247	–76	**–324**
2009	–207	–85	**–292**	–276	–92	**–368**
2010	–249	–100	**–349**	–331	–111	**–441**
10 years	**$ –1,903**	**$ –447**	**$ –2,350**	**$ –2,159**	**$ –469**	**$ –2,628**

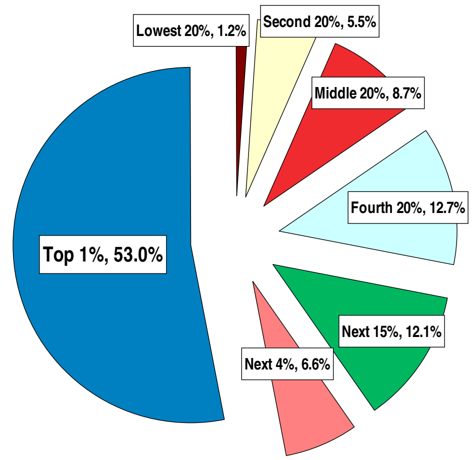
Source: Institute on Taxation and Economic Policy Tax Model, March 2007

The table to the right shows the cost of the Bush tax cuts enacted so far over the calendar 2001-10 period. The total 10-year cost is between $2.4 trillion and $2.6 trillion, depending upon whether the 2006 Alternative Minimum Tax relief (indexed for inflation) is extended through 2010 without offsetting tax increases, as has been the case for the past five years.

Under current law, the Bush tax cuts are scheduled to expire after 2010. But even if that happens, not all the cost of the tax cuts will go away. Over the following ten years, interest expenses associated with the elephantine debt built up to pay for the 2001-10 tax cuts will total about $1½ trillion dollars. All that borrowing has created a cost that will just keep on costing.

2. Who gets the tax cuts enacted so far?

Shares of the Bush Tax Cuts in 2010

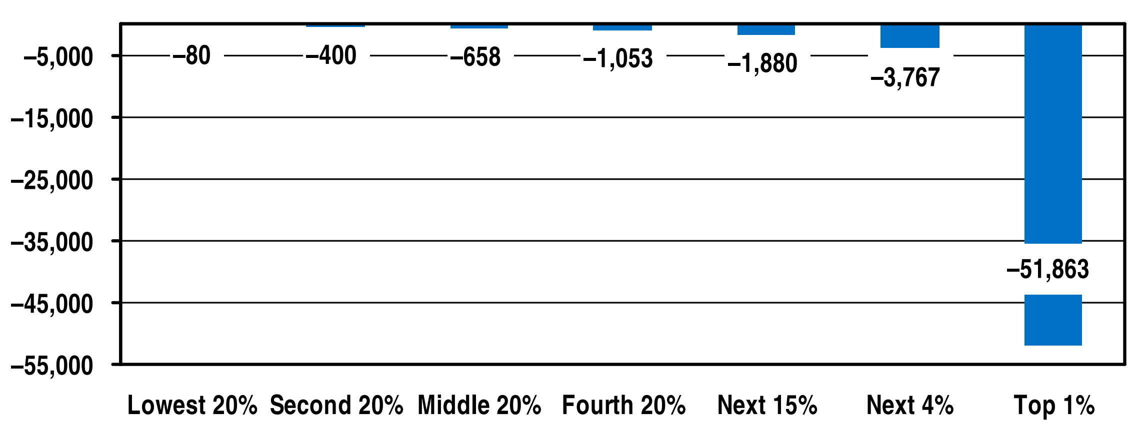


The following two graphs illustrate the distributional effects of the Bush tax cuts enacted so far.

The pie chart shows the shares of the total tax cuts by income group, in 2010, when all of the tax cuts are fully phased in (including the full repeal of the estate tax). Among other things, the graph shows that the bottom 60 percent of all taxpayers get only 15 percent of the fully phased in tax cuts, while the best-off one percent get more than half of the tax cuts.

The bar chart shows the average annual tax cuts over the entire 2001-10 period, by income group. These tax cuts range from an average of $80 a year for the poorest 20 percent up to an average of almost $52,000 a year for the best-off one percent.

Average Annual Bush Tax Cuts, 2001-10



It should be noted that these two graphs reflect current law. If AMT relief is extended past 2006, then the shares of the tax cuts and their average sizes will be different, most notably in the top fifth of the income scale. More details on the cost and distributional effects of the tax cuts are in the tables at the end of my testimony.

3. The important rest of the story.

Looking solely at the tax cuts, however, does not tell the whole story. The Bush tax cuts are being paid for entirely with borrowed money. The cost of this borrowing binge will ultimately come out of taxpayers' pockets, either through spending cuts or future tax hikes.

Last year, Citizens for Tax Justice took a close look at how the Bush administration's tax and fiscal policies had affected Americans through 2006. We compared the tax cuts — generally small for most families — to the gigantic debt burden imposed by these unfunded tax cuts. Our analysis found that for all but the very wealthiest United States residents, the Bush tax cuts between 2001 and 2006 were outweighed by a dramatic increase in the burden of federal debt on American families. For example:

- From 2001 to 2006, the typical middle-income American received a tax cut totaling $1,855 per family member (over the 6 years). But that family's share of the added national debt burden was $8,936 per person. This means that the net impact of the Bush fiscal policies on the middle 20 percent was an added burden of $7,081 per person — or $28,322 for a family of four.

Because the benefits of the Bush tax cuts have gone primarily to the wealthiest one percent of Americans, that small group still comes out ahead even after its added debt burden is factored in. But the other 99 percent of American families are net losers from the Bush administration's fiscal policies — leaving the vast majority to pick up the tab for a redistribution of income towards the wealthiest few. In fact, for the 99 percent of Americans who ended up net losers over the 2001-06 period, for every $1.00 in tax cuts the federal government gave them over the past six years, they were left holding a bill for $3.74 in debt.

I should note that our analysis covered only the tax cuts and deficits that took place over the 2001-06 period. Because the Bush tax cuts become notably more regressive after 2006, the net losses to the vast majority of Americans and the net gains to the best-off one percent will become much larger.

The bottom line is this: It is incorrect to assert that even though the President's tax cuts are heavily tilted in favor of the wealthy, every other income group got at least something from the tax cuts. The truth is quite the opposite. Once we take account of the added debt that the President's fiscal policies have built up, almost everyone is worse off. Only the top one percent remain net winners.

B. The President Proposed New Tax Cuts

Despite the catastrophic effects of his tax and budget policies so far, the President has not relented. Instead, he calls on Congress to make most of his tax cuts permanent, extending them past their 2010 "sunset" date. Meanwhile, he continues to assert that, despite these added tax cuts, the government can return to a balanced budget by fiscal 2012.

The President's recent prediction of a future balanced budget differs markedly, however, from what he promised the public back in 2000:

- He no longer promises to protect Social Security. On the contrary, he proposes to spend every penny of the trust funds surplus, estimated at $248 billion in 2012, on other government programs. According to the President's own figures, the regular government budget, outside of Social Security, would still have a *deficit* of $187 billion in 2012.
- He no longer promises to sustain other federal programs, either. Instead, his latest budget calls for significant cuts in Medicare, and projects gigantic reductions in appropriations as a share of the economy by fiscal 2012. Specifically, in 2012, he says that outlays for defense and homeland security as a share of the gross domestic product (GDP) will be 22 percent lower than in fiscal 2006. He says that other appropriations (mostly domestic programs) will be slashed by 29 percent as a share of the GDP.[1]
- In fact, only one thing is consistent today with what the President said back in 2000 about the fiscal effects of his tax cuts. He remains adamant that the huge cost of addressing the AMT should not be counted in assessing the impact of his tax proposals on the budget.

History makes clear that such implausible budget cuts and such a vast expansion of the AMT would be highly unpopular and extremely unlikely — not to mention ill-advised. So it's reasonable to conclude that the President's so-called balanced-budget plan is a hoax. Having said that, let's focus on the President's proposed tax cut extension.

The table to the right shows the cost over the fiscal 2011-2020 period of the President's proposal to make his 2001 and 2003 tax cuts permanent. Based on the President's figures, these new tax cuts would total $2.6 trillion over the decade, ignoring the need to adjust the AMT. The

Ten-year effects of extending the 2001 & 2003 Bush tax cuts
$-billions

Fiscal years	Bush Proposal	Extend AMT Relief	Total Tax Cut	Added Interest	Total Cost
2011	$ –162.1	$ –80.0	$ –242.1	$ –5.7	**$ –247.8**
2012	–224.9	–93.0	–317.9	–19.1	**–337.0**
2013	–234.7	–106.0	–340.7	–35.5	**–376.2**
2014	–252.2	–121.0	–373.2	–53.9	**–427.1**
2015	–265.8	–135.0	–400.8	–74.7	**–475.4**
2016	–274.4	–151.0	–425.4	–97.6	**–523.0**
2017	–282.5	–168.0	–450.5	–122.8	**–573.2**
2018	–291.0	–186.5	–477.5	–150.3	**–627.8**
2019	–300.1	–207.0	–507.1	–180.5	**–687.6**
2020	–309.7	–229.8	–539.5	–213.6	**–753.1**
TOTAL	**$ –2,597.5**	**$ –1,477.2**	**$ –4,074.7**	**$ –953.7**	**$ –5,028.4**

Notes: 2018-20 estimates are extrapolated from figures for earlier years. Fiscal 2011 Bush plan figures include minor effects in fiscal 2007-10. AMT relief would extend 2006 AMT exemptions indexed for inflation and allow non-refundable tax credits agains the AMT.

Sources: U.S. Department of Treasury (Feb. 2007) for Bush plan; Congressional Budget Office (Jan. 2007) for AMT relief extension.

[1]The President characterizes these huge real cuts in outlays as a budget "freeze," by which he means that he would keep appropriations at their 2006 level in nominal dollars. But using nominal dollars as a measuring stick doesn't make sense. Most federal spending on appropriations reflects employee salaries and purchases of services, and the costs of these generally must keep up with the growth in overall wages and population to avoid real reductions. So, comparing outlays as a share of GDP is a reasonable way to make year-to-year comparisons meaningful. In contrast, adjusting outlays solely for inflation, as the Congressional Budget Office is required to do for its budget "baseline," is quite inadequate (as CBO itself has noted). Comparing outlays from one year to another in nominal, unadjusted dollars, as the President suggests, is totally misleading.

In his budget projections, the President offers a few, albeit very broad details about where his enormous cuts in domestic appropriations will supposedly occur. For example, from fiscal 2006 to 2012:

- Community and regional development outlays are to fall by 85% as a share of the GDP.
- Education and related programs: down 45%.
- Agriculture: down 42%.
- Environmental protection and natural resources: down 30%.
- Transportation: down 21%.

cost of extending AMT relief (based on CBO estimates) would add another $1.5 trillion, and added interest on the increased national debt would add almost $1 trillion more. **That brings the likely total cost of the President's proposal to make his tax cuts permanent to more than $5 trillion over ten years.**

The distributional effects of making the President's tax cuts permanent would be similar to the effects of his already enacted tax cuts in the year 2010. That is, they would be extremely tilted in favor of the best-off one percent. In fact, after debt is taken into account, only the top one percent would end up with a net gain from the President latest tax-cutting plan.

Conclusion

President Bush's tax cuts enacted so far have had major, detrimental effects on the fairness of the federal tax system and its ability to pay for the cost of essential public services. Because the tax cuts have been paid for with borrowed money, the vast majority of Americans are much worse off than if the tax cuts had never been adopted. Making the tax cuts permanent, as the President has proposed, would perpetuate these very serious problems.

Detailed tables on the effects of the Bush tax cuts in 2001 through 2010 are on the next three pages.

Page 6 shows the effects of the enacted tax cuts by income group. It includes information on the total size of the tax cuts, the shares of the total tax cuts, the average tax cuts, and the tax cuts as a percent of pretax income.

Page 7 shows the same information, but with the 2006 AMT relief, indexed for inflation, extended through 2010.

Page 8 provides detailed cost estimates, including the added interest on the national debt that the tax cuts entail. It also provides information on the average incomes and the income ranges for each income group.

All of the information was calculated by the Institute on Taxation and Economic Policy using its microsimulation tax model.

Effects of the Bush Tax Cuts enacted through 2006 by Income Group (calendar years)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10 years
Tax cuts, $-billions											
Lowest 20%	$ –1.3	$ –2.1	$ –2.3	$ –2.7	$ –1.9	$ –1.9	$ –2.0	$ –2.2	$ –2.5	$ –3.1	**$ –21.9**
Second 20%	–6.4	–8.4	–10.5	–12.1	–10.9	–10.9	–11.4	–12.2	–13.1	–13.8	**–109.6**
Middle 20%	–9.9	–12.9	–18.9	–20.5	–18.3	–18.3	–18.8	–20.0	–21.0	–21.6	**–180.2**
Fourth 20%	–14.4	–20.4	–33.4	–35.5	–30.6	–31.0	–29.4	–30.4	–31.3	–31.6	**–287.9**
Next 15%	–14.1	–25.0	–54.2	–58.7	–51.3	–53.3	–33.2	–32.4	–31.6	–30.2	**–384.2**
Next 4%	–5.2	–17.3	–33.7	–37.0	–27.3	–29.7	–12.4	–12.2	–13.2	–16.5	**–204.5**
Top 1%	–3.9	–38.9	–71.2	–87.3	–64.5	–70.9	–72.6	–79.5	–94.4	–132.0	**–715.2**
ALL	**$ –55.2**	**$ –124.7**	**$ –223.8**	**$ –253.3**	**$ –205.0**	**$ –216.1**	**$ –179.9**	**$ –189.1**	**$ –207.3**	**$ –248.8**	**$ –1,903.1**
Shares of the total tax cuts											
Lowest 20%	2.3%	1.7%	1.0%	1.1%	0.9%	0.9%	1.1%	1.2%	1.2%	1.2%	**1.1%**
Second 20%	11.6%	6.7%	4.7%	4.8%	5.3%	5.1%	6.3%	6.5%	6.3%	5.5%	**5.8%**
Middle 20%	17.9%	10.4%	8.4%	8.1%	8.9%	8.5%	10.5%	10.6%	10.1%	8.7%	**9.5%**
Fourth 20%	26.0%	16.4%	14.9%	14.0%	15.0%	14.3%	16.3%	16.1%	15.1%	12.7%	**15.1%**
Next 15%	25.6%	20.1%	24.2%	23.2%	25.0%	24.6%	18.5%	17.1%	15.3%	12.1%	**20.2%**
Next 4%	9.4%	13.9%	15.1%	14.6%	13.3%	13.7%	6.9%	6.4%	6.4%	6.6%	**10.7%**
Top 1%	7.1%	31.2%	31.8%	34.5%	31.5%	32.8%	40.3%	42.0%	45.6%	53.0%	**37.6%**
ALL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Average tax cuts											
Lowest 20%	$ –48	$ –80	$ –87	$ –100	$ –70	$ –68	$ –71	$ –78	$ –90	$ –106	**$ –799**
Second 20%	–244	–318	–399	–452	–401	–399	–409	–436	–459	–480	**–3,997**
Middle 20%	–376	–493	–719	–767	–675	–668	–678	–711	–738	–754	**–6,578**
Fourth 20%	–547	–778	–1,269	–1,331	–1,130	–1,130	–1,058	–1,084	–1,100	–1,099	**–10,525**
Next 15%	–716	–1,272	–2,749	–2,932	–2,524	–2,590	–1,595	–1,538	–1,484	–1,402	**–18,803**
Next 4%	–984	–3,304	–6,407	–6,937	–5,042	–5,413	–2,231	–2,169	–2,319	–2,867	**–37,673**
Top 1%	–2,992	–29,624	–54,084	–65,432	–47,591	–51,745	–52,254	–56,595	–66,421	–91,896	**–518,635**
ALL	**$ –414**	**$ –936**	**$ –1,677**	**$ –1,871**	**$ –1,491**	**$ –1,554**	**$ –1,277**	**$ –1,328**	**$ –1,438**	**$ –1,709**	**$ –13,695**
Tax cuts as % of income											
Lowest 20%	–0.5%	–0.8%	–0.9%	–1.0%	–0.6%	–0.6%	–0.6%	–0.6%	–0.7%	–0.8%	**–0.7%**
Second 20%	–1.2%	–1.6%	–2.0%	–2.1%	–1.8%	–1.7%	–1.7%	–1.7%	–1.8%	–1.8%	**–1.7%**
Middle 20%	–1.2%	–1.5%	–2.2%	–2.2%	–1.9%	–1.8%	–1.7%	–1.7%	–1.7%	–1.7%	**–1.8%**
Fourth 20%	–1.0%	–1.5%	–2.3%	–2.3%	–1.9%	–1.8%	–1.6%	–1.6%	–1.6%	–1.5%	**–1.7%**
Next 15%	–0.8%	–1.4%	–2.9%	–3.0%	–2.4%	–2.4%	–1.4%	–1.3%	–1.2%	–1.1%	**–1.8%**
Next 4%	–0.5%	–1.7%	–3.3%	–3.2%	–2.2%	–2.2%	–0.9%	–0.8%	–0.9%	–1.0%	**–1.7%**
Top 1%	–0.3%	–3.1%	–5.3%	–5.4%	–3.5%	–3.5%	–3.6%	–3.8%	–4.4%	–5.7%	**–3.9%**
ALL	**–0.8%**	**–1.8%**	**–3.1%**	**–3.2%**	**–2.4%**	**–2.3%**	**–1.9%**	**–1.9%**	**–2.0%**	**–2.2%**	**–2.1%**

ADDENDUM: Total cost including interest											
$-billions	$ –56.3	$ –129.4	$ –235.7	$ –276.8	$ –242.6	$ –265.4	$ –240.8	$ –261.5	$ –292.4	$ –348.7	**$ –2,349.8**

Source: Institute on Taxation and Economic Policy Tax Model, March 2007

Effects of the Bush tax cuts enacted through 2006 with AMT relief extended through 2010 (cal. yrs.)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10 years
Tax cuts, $-billions											
Lowest 20%	$ –1.3	$ –2.1	$ –2.3	$ –2.7	$ –1.9	$ –1.9	$ –2.0	$ –2.2	$ –2.5	$ –3.1	**$ –21.9**
Second 20%	–6.4	–8.4	–10.5	–12.1	–10.9	–10.9	–11.4	–12.2	–13.1	–13.8	**–109.6**
Middle 20%	–9.9	–12.9	–18.9	–20.5	–18.3	–18.3	–19.1	–20.3	–21.5	–22.4	**–182.1**
Fourth 20%	–14.4	–20.4	–33.4	–35.5	–30.6	–31.0	–32.6	–35.5	–38.5	–41.8	**–313.6**
Next 15%	–14.1	–25.0	–54.2	–58.7	–51.3	–53.3	–56.5	–61.9	–67.0	–72.6	**–514.7**
Next 4%	–5.2	–17.3	–33.7	–37.0	–27.3	–29.7	–31.7	–34.6	–38.1	–44.1	**–298.9**
Top 1%	–3.9	–38.9	–71.2	–87.3	–64.5	–70.9	–73.5	–80.4	–95.4	–132.8	**–718.8**
ALL	**$ –55.2**	**$ –124.7**	**$ –223.8**	**$ –253.3**	**$ –205.0**	**$ –216.1**	**$ –227.0**	**$ –247.4**	**$ –276.2**	**$ –330.6**	**$ –2,159.2**
Shares of the total tax cuts											
Lowest 20%	2.3%	1.7%	1.0%	1.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	**1.0%**
Second 20%	11.6%	6.7%	4.7%	4.8%	5.3%	5.1%	5.0%	4.9%	4.7%	4.2%	**5.1%**
Middle 20%	17.9%	10.4%	8.4%	8.1%	8.9%	8.5%	8.4%	8.2%	7.8%	6.8%	**8.4%**
Fourth 20%	26.0%	16.4%	14.9%	14.0%	15.0%	14.3%	14.4%	14.3%	13.9%	12.6%	**14.5%**
Next 15%	25.6%	20.1%	24.2%	23.2%	25.0%	24.6%	24.9%	25.0%	24.3%	21.9%	**23.8%**
Next 4%	9.4%	13.9%	15.1%	14.6%	13.3%	13.7%	14.0%	14.0%	13.8%	13.3%	**13.8%**
Top 1%	7.1%	31.2%	31.8%	34.5%	31.5%	32.8%	32.4%	32.5%	34.5%	40.2%	**33.3%**
ALL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Average tax cuts											
Lowest 20%	$ –48	$ –80	$ –87	$ –100	$ –70	$ –68	$ –71	$ –78	$ –90	$ –106	**$ –799**
Second 20%	–244	–318	–399	–452	–401	–399	–409	–436	–459	–480	**–3,997**
Middle 20%	–376	–493	–719	–767	–675	–668	–687	–724	–756	–780	**–6,645**
Fourth 20%	–547	–778	–1,269	–1,331	–1,130	–1,130	–1,173	–1,264	–1,354	–1,454	**–11,430**
Next 15%	–716	–1,272	–2,749	–2,932	–2,524	–2,590	–2,712	–2,940	–3,142	–3,368	**–24,946**
Next 4%	–984	–3,304	–6,407	–6,937	–5,042	–5,413	–5,712	–6,155	–6,697	–7,682	**–54,334**
Top 1%	–2,992	–29,624	–54,084	–65,432	–47,591	–51,745	–52,948	–57,275	–67,069	–92,461	**–521,222**
ALL	**$ –414**	**$ –936**	**$ –1,677**	**$ –1,871**	**$ –1,491**	**$ –1,554**	**$ –1,611**	**$ –1,737**	**$ –1,916**	**$ –2,271**	**$ –15,479**
Tax cuts as % of income											
Lowest 20%	–0.5%	–0.8%	–0.9%	–1.0%	–0.6%	–0.6%	–0.6%	–0.6%	–0.7%	–0.8%	**–0.7%**
Second 20%	–1.2%	–1.6%	–2.0%	–2.1%	–1.8%	–1.7%	–1.7%	–1.7%	–1.8%	–1.8%	**–1.7%**
Middle 20%	–1.2%	–1.5%	–2.2%	–2.2%	–1.9%	–1.8%	–1.8%	–1.8%	–1.8%	–1.8%	**–1.8%**
Fourth 20%	–1.0%	–1.5%	–2.3%	–2.3%	–1.9%	–1.8%	–1.8%	–1.9%	–1.9%	–2.0%	**–1.8%**
Next 15%	–0.8%	–1.4%	–2.9%	–3.0%	–2.4%	–2.4%	–2.4%	–2.5%	–2.6%	–2.6%	**–2.3%**
Next 4%	–0.5%	–1.7%	–3.3%	–3.2%	–2.2%	–2.2%	–2.3%	–2.4%	–2.5%	–2.8%	**–2.3%**
Top 1%	–0.3%	–3.1%	–5.3%	–5.4%	–3.5%	–3.5%	–3.6%	–3.9%	–4.4%	–5.7%	**–3.9%**
ALL	**–0.8%**	**–1.8%**	**–3.1%**	**–3.2%**	**–2.4%**	**–2.3%**	**–2.4%**	**–2.5%**	**–2.6%**	**–3.0%**	**–2.4%**

ADDENDUM: Total cost including interest											
$-billions	$ –56.3	$ –129.4	$ –235.7	$ –276.8	$ –242.6	$ –265.4	$ –289.0	$ –323.5	$ –368.2	$ –441.2	**$ –2,628.1**

Source: Institute on Taxation and Economic Policy Tax Model, March 2007

Size of the Bush tax cuts enacted through 2006, calendar years, $-billions

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10 years
Current Law											
Tax Cuts	$ –55	$ –125	$ –224	$ –253	$ –205	$ –216	$ –180	$ –189	$ –207	$ –249	**$ –1,903**
Added interest (–)	–1	–5	–12	–24	–38	–49	–61	–72	–85	–100	**–447**
Total cost	**$ –56**	**$ –129**	**$ –236**	**$ –277**	**$ –243**	**$ –265**	**$ –241**	**$ –262**	**$ –292**	**$ –349**	**$ –2,350**
With AMT relief extended for 2007-10											
Tax Cuts	$ –55	$ –125	$ –224	$ –253	$ –205	$ –216	$ –227	$ –247	$ –276	$ –331	**$ –2,159**
Added interest (–)	–1	–5	–12	–24	–38	–49	–62	–76	–92	–111	**–469**
Total cost	**$ –56**	**$ –129**	**$ –236**	**$ –277**	**$ –243**	**$ –265**	**$ –289**	**$ –324**	**$ –368**	**$ –441**	**$ –2,628**
Addendum: Cost of extended AMT relief											
Tax Cuts	$ —	$ —	$ —	$ —	$ —	$ —	$ –47	$ –58	$ –69	$ –82	**$ –256**
Added interest (–)	—	—	—	—	—	—	–1	–4	–7	–11	**–22**
Total cost	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ –48**	**$ –62**	**$ –76**	**$ –92**	**$ –278**

Note: Figures include all of the Bush tax cuts enacted so far. Alternative Minimum Tax relief expires after 2006 under current law.

Source: Institute on Taxation and Economic Policy Tax Model, March 2007

Background Information on incomes & income ranges

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average incomes										
Lowest 20%	$ 9,600	$ 9,700	$ 10,000	$ 10,400	$ 10,800	$ 11,300	$ 11,800	$ 12,200	$ 12,700	$ 13,400
Second 20%	19,700	19,800	20,300	21,100	22,100	23,200	24,000	24,900	25,900	27,200
Middle 20%	32,200	32,400	33,100	34,600	36,100	37,900	39,300	40,800	42,400	44,300
Fourth 20%	53,000	53,000	54,200	56,900	59,600	62,700	64,800	67,300	70,000	73,000
Next 15%	91,800	91,200	93,400	99,200	104,000	110,000	113,000	117,000	122,000	127,000
Next 4%	194,000	190,000	196,000	214,000	229,000	242,000	248,000	256,000	264,000	277,000
Top 1%	1,027,000	963,000	1,021,000	1,207,000	1,361,000	1,458,000	1,464,000	1,485,000	1,513,000	1,615,000
ALL	**$ 53,900**	**$ 53,100**	**$ 54,700**	**$ 59,200**	**$ 63,200**	**$ 66,800**	**$ 68,500**	**$ 70,700**	**$ 73,100**	**$ 76,800**
Break-points (end points)										
Lowest 20%	$ 15,000	$ 15,000	$ 15,000	$ 16,000	$ 17,000	$ 17,000	$ 18,000	$ 19,000	$ 19,000	$ 20,000
Second 20%	25,000	25,000	26,000	27,000	28,000	30,000	31,000	32,000	33,000	35,000
Middle 20%	41,000	41,000	42,000	44,000	46,000	48,000	50,000	52,000	54,000	56,000
Fourth 20%	68,000	68,000	70,000	73,000	77,000	81,000	84,000	87,000	90,000	94,000
Next 15%	136,000	134,000	138,000	148,000	157,000	166,000	170,000	176,000	182,000	191,000
Next 4%	342,000	331,000	344,000	385,000	416,000	441,000	450,000	462,000	476,000	500,000
Top 1%	no limit	no limit	no limit	no limit	no limit	no limit	no limit	no limit	no limit	no limit

Note: Income is total cash income, including amounts not reported on tax returns. Changes in realized capital gains can cause flucuations in the top income groups.

Source: Institute on Taxation and Economic Policy Tax Model, March 2007