

## Senate Republicans Up “Stimulus” Ante to \$220 Billion Over 3 Years Most of Next Year’s Proposed Tax Breaks Would Go to Top 1%

Senate Republicans have proposed even larger upper-income and corporate tax cuts than the bloated “stimulus” measure passed by the House last week on a party-line vote. Over the first three years, the Senate GOP measure would cut taxes by \$220 billion, compared to \$212 billion under the House bill. Earlier, there was a bipartisan agreement between the President and congressional leaders to limit additional stimulus measures to \$50-75 billion.

- More than half of the tax cuts proposed by Senate Republicans for next year would go to the best-off one percent of all taxpayers, whose average tax cut in 2002 would be \$33,843 each.
- In contrast, only 6 percent of the proposed 2002 tax cuts would go to the bottom three-fifths of taxpayers, whose average 2002 tax cut would be \$67.

The GOP bill would (1) accelerate to 2002 the reductions in the top income tax rates scheduled to take effect in 2006; (2) repeal the corporate alternative minimum tax on large, profitable, low-tax corporations; and (3) allow corporations to write off an extra 30 percent of their equipment purchases (in 2002-04). In addition, the personal tax rebates sent out earlier this year would be extended to many taxpayers who were previously ineligible.

“Who would have thought that a national emergency would set off a feeding frenzy by corporations and the wealthy?” said Robert S. McIntyre, director of Citizens for Tax Justice. “And who could have imagined that so many of our nation’s elected officials would eagerly go along with this monstrous demonstration of greed?”

### Senate Republicans’ \$220 Billion “Stimulus” Tax Bill

(Calendar 2002 effects at 2002 income levels)

Income Group	Income Range	Average Income	Individual tax cuts (\$-bill.)	Corporate tax cuts (\$-bill.)	Total tax cuts (\$-bill.)	Average total tax cuts	% of total tax cut	ADDENDUM:	
								Rebate extension (2001 only)	Ave. added rebate, 2001 only
Lowest 20%	Less than \$15,000	\$ 9,600	\$ —	\$ -0.5	\$ -0.5	\$ -18	0.6%	\$ -5.7	\$ -214
Second 20%	\$15,000–28,000	21,500	-0.0	-1.5	-1.5	-57	1.7%	-4.7	-180
Middle 20%	\$28,000–46,000	35,900	-0.3	-3.0	-3.3	-124	3.7%	-2.5	-97
Fourth 20%	\$46,000–75,000	58,800	-2.6	-4.9	-7.4	-283	8.5%	-0.6	-21
Next 15%	\$75,000–153,000	101,000	-8.8	-7.4	-16.2	-822	18.6%	-0.1	-7
Next 4%	\$153,000–384,000	217,000	-5.7	-8.2	-13.8	-2,627	15.8%	-0.1	-10
Top 1%	\$384,000 or more	1,137,000	-21.4	-23.1	-44.5	-33,843	51.0%	-0.0	-18
<b>ALL</b>		<b>\$ 60,500</b>	<b>\$ -38.7</b>	<b>\$ -48.6</b>	<b>\$ -87.3</b>	<b>\$ -660</b>	<b>100.0%</b>	<b>\$ -13.7</b>	<b>\$ -104</b>
<b>ADDENDUM</b>									
<b>Bottom 60%</b>	<b>Less than \$46,000</b>	<b>\$ 22,300</b>	<b>\$ -0.3</b>	<b>\$ -4.9</b>	<b>\$ -5.2</b>	<b>\$ -67</b>	<b>6.0%</b>	<b>\$ -13.0</b>	<b>\$ -164</b>
<b>Top 10%</b>	<b>\$108,000 or more</b>	<b>263,000</b>	<b>-31.6</b>	<b>-35.0</b>	<b>-66.5</b>	<b>-5,064</b>	<b>76.2%</b>	<b>-0.1</b>	<b>-9</b>

Figures reflect the calendar 2002 effects of the Senate Republican proposal to accelerate all of the Bush income tax rate cuts to 2002 (from 2006); repeal the corporate alternative minimum tax; and allow 30% extra depreciation write-offs in 2002-04. Effects of the one-shot 2001 extended rebates are shown separately since they do not affect taxes in 2002 or thereafter. Over the bill’s first three years, it is expected to cost \$220 billion.

Source: Institute on Taxation and Economic Policy Tax Model.

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