



MESSAGING ON MIDDLE CLASS TAX CUTS

In 2015, it has become popular to call for “middle class tax cuts” as a partial solution to wage stagnation and growing inequality. ATF supports *targeted* proposals to significantly expand some tax cuts, such as the Earned Income Tax Credit and the Child Tax Credit, which raise working families’ living standards and show that progressives support strong families and people who work hard at low-wage jobs. We oppose broad-based tax cuts, because they are inconsistent with progressive commitments to investments and preserving the safety net. ATF has concerns about the way the middle class tax cut issue has been framed in the media, as explained below. These are followed by alternative ways to frame the proposals from ATF and President Obama, so that it is a winning message that does not harm the longer-range goal of maintaining strong public support for a tax fairness agenda.

Concerns About Middle Class Tax Cuts Messaging

- 1) Calling for middle-class tax cuts frames the debate in the way our opponents talk about taxes. That is not our strength, and it undermines our long-term goals.** The middle class is not overtaxed; therefore, it’s not a good idea to suggest that they are overtaxed and need “tax relief.” The fundamental problem with our tax system is that the rich and corporations are not paying their fair share. Progressives are winning with this message big-time. Calling for middle-class tax cuts goes in the opposite direction.
- 2) If both progressives and conservatives push for middle-class “tax relief” there is grave danger of a bidding war that will result in a huge drain of revenues, at a time when a lot more revenues are needed.** It is a very slippery slope to push for middle-class tax cuts, which is likely to result in a bidding war between progressives and conservatives. The result will be insufficient revenues to meet the retirement needs of the baby-boom generation and to make the critical investments needed to grow the economy and create jobs.
- 3) Framing the debate as the need for tax cuts to help middle-class families combat stagnant wages shifts the focus from the source of the problem – corporations not paying decent wages.** By arguing for tax cuts, people are more likely to blame the government for taxing them too much – the frame of our opponents. Instead, the focus needs to be that corporations are paying their workers too little. While temporary, targeted tax cuts may make sense as a short-term step to help working families, they do not address the core problem of inadequate wages and benefits, as explained in this [New York Times oped](#).

ATF’s Messaging Recommendations on Middle-class Tax Cuts

- We need to close tax loopholes so that wealthy Americans and big corporations start paying their fair share of taxes. This will allow us to responsibly pay for the investments we need to help working families get ahead and grow the economy to create jobs.

- President Obama's tax plan will help make the tax system fairer in three important ways:
 - He requires the very rich to pay a somewhat higher tax rate on their investments *in order to provide tax incentives for 16 million working families.*
 - He closes the Trust Fund Loophole that allows inheritors of large fortunes to dodge paying their fair share of taxes *in order to make child care more affordable for 5 million working families.*
 - He requires 100 of Wall Street's biggest banks to pay a small fee on the billions of dollars they borrow for speculative investments *in order to provide two years of free community college for 9 million students.*

Messaging Used by President Obama

[From the State of the Union:](#)

First -- middle-class economics means helping working families feel more secure in a world of constant change. That means helping folks afford childcare, college, health care, a home, retirement -- and my budget will address each of these issues, lowering the taxes of working families and putting thousands of dollars back into their pockets each year.

... Where we too often run onto the rocks is how to pay for these investments. As Americans, we don't mind paying our fair share of taxes, as long as everybody else does, too. But for far too long, lobbyists have rigged the tax code with loopholes that let some corporations pay nothing while others pay full freight. They've riddled it with giveaways the superrich don't need, denying a break to middle class families who do.

This year, we have an opportunity to change that. Let's close loopholes so we stop rewarding companies that keep profits abroad, and reward those that invest in America. Let's use those savings to rebuild our infrastructure and make it more attractive for companies to bring jobs home. ... And let's close the loopholes that lead to inequality by allowing the top one percent to avoid paying taxes on their accumulated wealth. We can use that money to help more families pay for childcare and send their kids to college. We need a tax code that truly helps working Americans trying to get a leg up in the new economy, and we can achieve that together.

[From President Obama's **FACT SHEET: A Simpler, Fairer Tax Code That Responsibly Invests in Middle Class Families**](#)

The President [has a] plan to simplify our complex tax code for individuals, make it fairer by eliminating some of the biggest loopholes, and use the savings to responsibly pay for the investments we need to help middle class families get ahead and grow the economy.

By ensuring those at the top pay their fair share in taxes, the President's plan responsibly pays for investments we need to help middle class families get ahead, like his proposal to make two years of community college free for every student willing to do the work. The savings will pay for additional reforms that will help the paychecks of middle-class and working families go further to cover the cost of child care, college, and a secure retirement.

Rather than make it easier for middle-class families to make ends meet, our tax system has changed over time in ways that make it easier for the wealthy to avoid paying their fair share. Though President Obama restored top tax rates on the highest income Americans to their levels under President Clinton, high-income tax rates remain historically low, especially on capital income.