



To: Editors, Columnists and Reporters

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U.S. SENATE TAX PLAN VOTE LIKELY LATE THIS WEEK

Senators Flake and McCain are Two of 3 Undecided Votes that Could Kill the Bill that Explodes the Deficit and Harms Many Middle-class Taxpayers

The U.S. Senate is gearing up for a vote on its tax plan late this week. Senators Flake and McCain are currently undecided and in recent weeks Senator Flake has repeatedly expressed concerns about the tax bill adding to the debt and deficit, and Senator McCain has expressed concerns about increasing taxes on the middle class. The Senate tax bill fails both of these tests, which is why Senators Flake and McCain should oppose the Senate legislation. We urge you to write an opinion piece reflecting that position or a news story reporting on the debate.

Here is what Senator Flake has said recently:

“I remain concerned over how the current tax reform proposals will grow the already staggering national debt by opting for short-term fixes while ignoring long-term problems for taxpayers and the economy.” [Senator Flake press release, 11/9/17](#)

“We cannot simply rely on rosy economic assumptions, rosy growth rates to fill in the gap; we’ve got to make tough decisions. ... We’ve been hearing a lot about cuts, cuts, cuts. If we are going to do cuts, cuts, cuts, we have got to do wholesale reform. With the national debt exceeding \$20 trillion, we have got to do this seriously.” [Vox, 11/9/17](#)

“We can't cut, cut, cut today & assume Congress will grow a backbone later. We've got to take our \$20T debt seriously & pass real [#TaxReform](#)” [Senator Flake Tweet, 11/2/17](#)

“Our looming debt and deficit is one of the country’s most urgent challenges, but the legislative branch does not treat it like the crisis that it truly is.” [Senator Flake floor speech, 7/13/17](#)

Here is what Senator McCain has said about taxes:

When asked about the cost of extending expiring provisions [in the Senate tax bill], McCain stressed: “I’m always worried about the deficit.” [Politico, 11/24/17](#)

McCain voted against President Bush’s tax cuts in 2001 and 2003 because he believed they favored the wealthy and would add to the deficit. He still stands behind his decision. “The deficit went up,” McCain said. “Guess what? I was right.” [Newsweek, 11/20/17](#)

When he opposed the Bush 2003 tax cuts: “I cannot in good conscience support a tax cut in which so many of the benefits go to the most fortunate among us, at the expense of middle-class Americans who most need tax relief.” [The Daily Wire, 9/22/17](#)

Here is what the [Committee for a Responsible Federal Budget has said](#) about the Senate tax plan:

The [Senate version](#) of the Tax Cuts and Jobs Act (TCJA) is estimated to [increase deficits by \\$1.5 trillion](#) over ten years. However, even this cost does not reflect the resulting increased spending on interest on the debt and a gimmick included in the bill. After considering these factors, the Senate bill could ultimately cost more than **\$1.8 trillion** over ten years. This would push debt to **98 percent** of Gross Domestic Product (GDP) by 2027, compared to 91 percent under current law.

The Committee has also said the [Senate tax bill is loaded with gimmicks](#):

The new [Senate Finance Chairman's mark](#) of the Tax Cuts and Jobs Act (TCJA) would cost \$1.41 trillion and significantly worsen our already unsustainable budget outlook. However, even this cost masks **\$515 billion of gimmicks** the bill contains and doesn't include interest costs. **Ultimately, the Senate tax plan could add \$2.2 trillion to the debt.** As a result, **trillion-dollar deficits would return by 2020** and **debt would exceed the size of the economy in just over a decade.**

President Trump and Republican leaders have said not to worry about the estimates of how much the tax cuts will increase the deficit because in the long run they will pay for themselves from increased economic growth. The non-partisan [Tax Policy Center](#) has just analyzed the House tax bill, which is very similar to the Senate bill, and here is what it found about hoped for supply-side effects on growth:

The faster growth would result in **\$169 billion of dynamic feedback** in the first decade. That would bring the cost of the bill down to \$1.3 trillion, rather than the more than \$1.4 trillion it is estimated to lose in revenue.

According to a recent [University of Chicago survey of academic economists](#) 37 out of 38 respondents agreed that “If the US enacts a tax bill similar to those currently moving through the [House](#) and [Senate](#) — and assuming no other changes in tax or spending policy — the US debt-to-GDP ratio will be substantially higher a decade from now than under the status quo.” The 38th economist didn't disagree, but was instead uncertain.

According to [Bruce Bartlett](#), a top adviser to President Ronald Reagan who helped craft Reagan's 1981 tax cuts, “There's no evidence that a tax cut now would spur growth.”

And [MSNBC's Joe Scarborough recently wrote](#) in *The Washington Post*:

Even if America's staggering income inequality means nothing to you, America's exploding national debt should. That debt doubled from [\\$5.8 trillion to \\$11.9 trillion under Republican George W. Bush](#). It [nearly doubled again to almost \\$20 trillion](#) under Democrat Barack Obama. And it is projected [to explode to \\$30 trillion](#) within the next decade. With Social Security, Medicare and Medicaid's coming meltdowns making that fiscal crisis exponentially worse, real conservatives know that Washington just can't afford to add another \$2 trillion to our national debt. That is exactly what will happen if the Republican bill passes.

And the future deficits are likely to get much, much worse because the way Senate Republicans designed the tax plan [most of the tax cuts for individuals are set to expire in 2025](#). This was needed to keep the amount of revenue loss (and debt increase) resulting from the plan under \$1.5 trillion. Of course, [most of the corporate tax cuts are made permanent](#), including the [tax rate cut that loses \\$1.3 trillion over 10 years](#). Republicans are assuming that the Congress of 2025 will automatically renew the tax breaks for working families for fear of voter wrath.

This is not an agenda the people of Arizona support, based on [a poll last week of Arizona voters](#) by Hart Research Associates. Key findings included:

- Just one-quarter (26%) of **Arizona** voters currently approve of the Republican tax plan, while 44% disapprove.
- Most **Arizona** voters support the concerns about the deficit expressed by Senators Flake and McCain. When voters were presented with the fact that it increased the federal debt by \$1.5 trillion, 73% felt less favorable about the plan and 57% felt much less favorable.
- By 29 points, **Arizona** voters say that Senators Flake and McCain should oppose rather than support the Republican tax plan (58% to 29%) when it comes to a vote in the U.S. Senate.

Should the massive tax cuts become law a likely outcome is that next year Republicans will turn around and demand deep cuts to critical services such as Medicare, Medicaid and education. Military spending might even suffer, as Leon Panetta and two other former Defense Secretaries noted in a [letter to congressional leaders](#).

The budget approved by both the House and Senate in late October proposes [\\$5.8 trillion in cuts](#) to federal spending, including nearly \$500 billion from Medicare and \$1.3 trillion from Medicaid and other healthcare programs. And Rep. Kevin Brady (R-Texas), the chairman of the House Ways and Means Committee and [author of the House tax plan](#) recently said that it “alone won’t get us back to a balanced budget.” House Republicans would next shift to “welfare reform and tackling the entitlements.”

Below are some additional concerns about the Senate tax bill and how it affects Arizonians:

- 1. 62% of the tax cuts go to the richest 1% in 2027, according to the [Tax Policy Center \(TPC\)](#).** In 2019, the share going to the richest 1% in **Arizona** is 26% (data for later years is not available). Their tax cut will be \$38,930 a year on average, according to the [Institute on Taxation and Economic Policy \(ITEP\)](#).
- 2. It raises taxes on [87 million middle-class families](#) by 2027, according to TPC, which effectively pay for tax breaks for the wealthy and corporations;** 87 million is one-half of all households making less than \$200,000 a year. In **Arizona**, 9% of households overall would see their taxes increase in 2019 by \$1,260 on average, [according to ITEP](#). But 15% of households making between \$39,000 and \$63,000 would pay \$1,550 more. By 2027, 32% of **Arizona** households (1,194,800) would face a tax increase of \$110 on average.
- 3. It mandates automatic [Medicare cuts of at least \\$25 billion in 2018 and \\$400 billion over 10 years](#).** In effect, seniors will pay for tax breaks for corporations and the wealthy as automatic spending cuts are triggered by tax cuts that add \$1.4 trillion to deficits. Automatic cuts will total \$136 billion in 2018, and besides cutting Medicare will include cuts to agriculture subsidies, student loans, military retirement and more, according to the Congressional Budget Office (CBO). For **Arizona**, these

automatic cuts in 2018 would mean a Medicare cut of about \$477 million next year alone, according to the [Center for American Progress \(CAP\)](#).

4. **Tax cuts for the wealthy and corporations are paid for by raising health care premiums and leaving millions of families without health coverage.** To raise [\\$318 billion](#), the plan repeals a key part of the Affordable Care Act (ACA)—the requirement for individuals to have health coverage if they can afford it. This will lead to [13 million more people](#) being uninsured and cause a 10% increase in health insurance premiums, according to CBO. In **Arizona** this would result in 282,000 fewer people being insured by 2025, and it would increase by \$2,060 the cost of premiums for health plans purchased on the ACA state marketplace in 2019, [according to CAP](#).
5. **It repeals the federal deduction for state and local taxes (SALT) hurting the middle class.** In **Arizona**, [28% of all taxpayers claim the SALT deduction](#), which averages \$7,400, according to TPC. Eliminating SALT will [put pressure on state and local budgets](#), likely forcing cuts to education, health care, and infrastructure.

The Senate tax bill is not tax reform. It is a massive tax-cutting plan, that will explode the deficit raise taxes on many middle-class families and primarily benefit the wealthy and corporations. **We urge you to write an editorial or column recommending that both of Arizona’s U.S. senators vote “NO” on the tax plan.**